# 999-2000

# Municipal Affairs

## Annual Report

100-07556/

# Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 18 Ministries.

The annual report of the Government of Alberta released in June contains the Provincial Treasurer's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Municipal Affairs contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statement of the Department of Municipal Affairs;**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as part of financial statements, to the extent that the Ministry has anything to report;**
- **financial information relating to the Improvement Districts' Trust Account and the audited financial statements of the Special Areas Trust Account.**

# Table of Contents

Minister's Accountability Statement . . . . . . . . . . . . . . . . . . . . . . . 3

Message from the Minister . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 4

Management's Responsibility for Reporting . . . . . . . . . . . . . . . . . 5

Overview . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 6
  Entity Maps . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 6
  Operations and Services . . . . . . . . . . . . . . . . . . . . . . . . . . . . 8
  Core Businesses . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 11
  Analysis of Key Activities . . . . . . . . . . . . . . . . . . . . . . . . . . 12
    Program Initiatives and Significant Improvements . . . . . . 12
    Major Consultations . . . . . . . . . . . . . . . . . . . . . . . . . . . . 17
    Legislative and Policy Changes . . . . . . . . . . . . . . . . . . . . 18
    Privatization and Outsourcing . . . . . . . . . . . . . . . . . . . . . 19
  Key Factors Influencing Performance . . . . . . . . . . . . . . . . . . 20
  Financial Highlights . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 22
  Performance Measures Highlights . . . . . . . . . . . . . . . . . . . . 23

Results Analysis . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 24
  Message from the Deputy Minister . . . . . . . . . . . . . . . . . . . 24
  Goals, Results and Measures by Core Business . . . . . . . . . . . 25
    Core Business 1 — Local Government Services . . . . . . . . 25
    Core Business 2 — Information Management and Privacy 38
    Core Business 3 — Safety Services . . . . . . . . . . . . . . . . . 40
    Core Business 4 — Disaster Services . . . . . . . . . . . . . . . 43
  Future Challenges . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 46
  Specified Audit Procedures . . . . . . . . . . . . . . . . . . . . . . . . . 48
  Financial Results . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 66

Financial Information . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 69
  Ministry of Municipal Affairs Financial Statements . . . . . . . . 69

Other Information . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 91
  Unaudited Statement of Revenues and Expenditures of the Improvement Districts' Trust . . . . . . . . . . . . . . . . . . . . . . . . . 92
  Audited Financial Statements of the Special Areas Trust Account . . . . . . . . . . . . . . . . . . . . . . . . . 95

Government Organization Changes 1999-2000 . . . . . . . . . . . . . 115

Alphabetical List of Entities' Financial Information in Ministry Annual Reports . . . . . . . . . . . . . . . . . . . . . . . . . 117

# Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2000 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 8, 2000 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Walter Paszkowski

Walter Paszkowski
Minister
Alberta Municipal Affairs

# Message from the Minister

I am pleased to present the Alberta Municipal Affairs Annual Report for 1999-2000.

The dynamic economy built on the *Alberta Advantage* and rapidly growing population have combined to produce thousands of economic opportunities for Alberta residents, businesses and new Albertans making a fresh start in the province.

This tremendous growth puts increased demand on both provincial and municipal resources. One of the ways this government has met this demand is by reshaping government to deliver more comprehensive and effective services to all Albertans.

In 1999, Alberta Municipal Affairs was reorganized to consolidate an extensive network of municipal services within the Ministry to better serve local governments. The department now includes Local Government Services, Safety Services, Disaster Services, the Fire Commissioner's Office, and Information Management and Privacy. All these areas have strong links to each other and to the municipalities they serve. As a result, we now have a department that truly reflects municipal affairs in this province.

Alberta's municipalities need the necessary tools to make good decisions and deliver the best possible services while living within their means. To support this need, Alberta Municipal Affairs provides a wide variety of programs and a sound policy and legislative framework that enhances the development of an accountable, responsive and effective local government sector.

The department has developed strong partnerships with Alberta's municipalities, other government departments, local authorities and organizations, and the private sector. As we move into the 21st century, partnership, collaboration and cooperation will take on even greater importance. We will continue to foster partnerships that ensure Albertans live in safe and sustainable communities, are served by open, effective and accountable governments, and have their privacy protected.

Walter Paszkowski

Walter Paszkowski
Minister
Alberta Municipal Affairs

# Management's Responsibility for Reporting

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Municipal Government Board.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, we ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the Government of Alberta's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Municipal Affairs. Under the direction of the Minister, I oversee the preparation of the Ministry's Annual Report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgements. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control that give consideration to costs, benefits and risks that are designed to:

- Provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- Provide information to manage and report on performance;
- Safeguard the assets and properties of the Province under Ministry administration;
- Provide Cabinet, Treasury Board, the Provincial Treasurer and the Minister any information needed to fulfill their responsibilities;
- Facilitate preparation of the Ministry business plans and annual reports required under the *Government Accountability Act.*

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives of the individual entities within the Ministry.

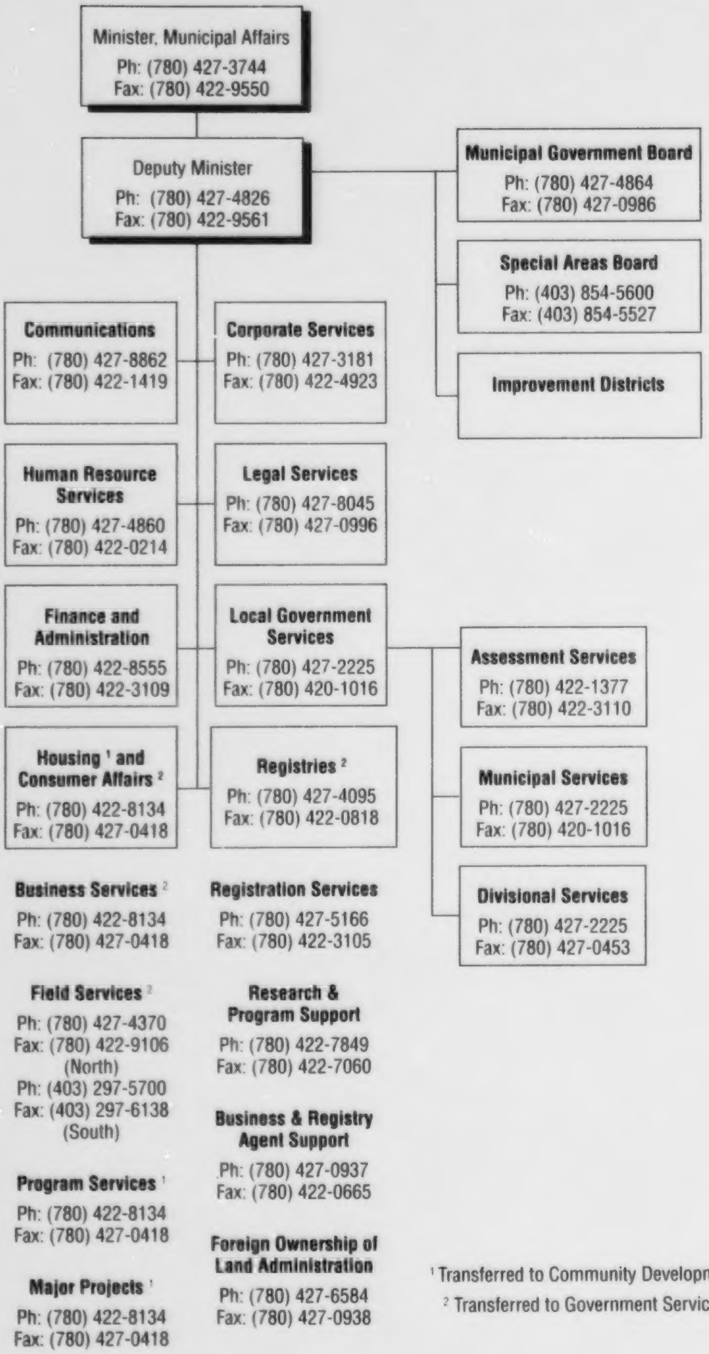
Dan Bader

Dan Bader, P.Eng.
Deputy Minister
Ministry of Municipal Affairs
September 7, 2000

# Overview

## Entity Maps

### Department of Municipal Affairs Functional Organization before May 25, 1999



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**Municipal Services**
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**Divisional Services**
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Fax: (780) 427-0418

**Field Services [2]**
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(North)
Ph: (403) 297-5700
Fax: (403) 297-6138
(South)

**Program Services [1]**
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**Major Projects [1]**
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**Registries [2]**
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Fax: (780) 422-0818

**Registration Services**
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Fax: (780) 422-3105

**Research & Program Support**
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Fax: (780) 422-7060

**Business & Registry Agent Support**
Ph: (780) 427-0937
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**Foreign Ownership of Land Administration**
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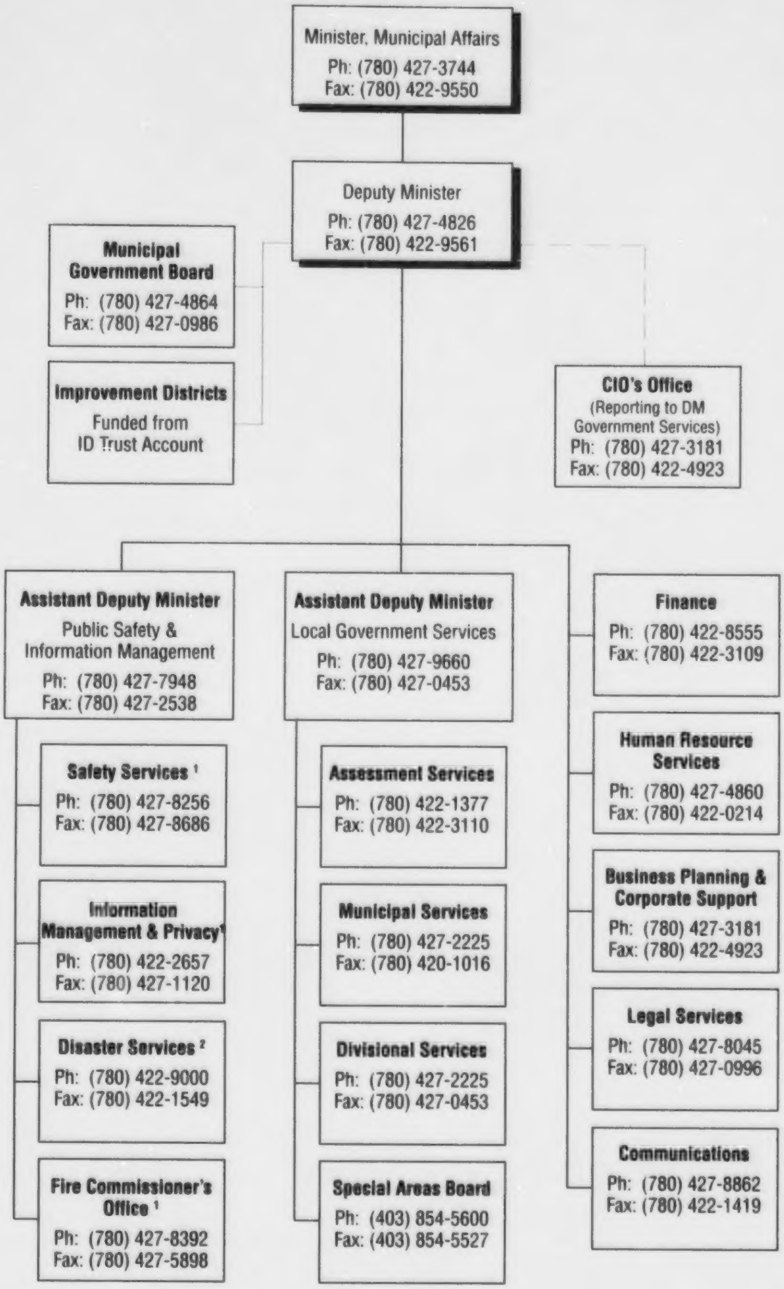
[1] Transferred to Community Development

[2] Transferred to Government Services

## Department of Municipal Affairs Functional Organization effective May 25, 1999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Funded from ID Trust Account
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Fax: (780) 427-2538
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Fax: (780) 427-8686
Information Management & Privacy [1]
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Fax: (780) 427-1120
Disaster Services [2]
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Fax: (780) 422-0214
Business Planning & Corporate Support
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Legal Services
Ph: (780) 427-8045
Fax: (780) 427-0996
Communications
Ph: (780) 427-8862
Fax: (780) 422-1419

[1] Transferred from Labour

[2] Transferred from Transportation & Utilities

## Operations and Services

The Ministry of Municipal Affairs is made up of the Department of Municipal Affairs and the Municipal Government Board.

### ❖ Department of Municipal Affairs

The Department of Municipal Affairs has two main operating divisions: Local Government Services and Public Safety and Information Management.

### Local Government Services

Local Government Services provides support services and advice to municipalities to assist them in developing sustainable and effective local government for Albertans. Services focus on innovation and cooperation, municipal viability, and assessment and tax policy. There are three areas in this division: Municipal Services, Assessment Services and Divisional Services. The Special Areas Board also reports to the Assistant Deputy Minister of Local Government Services.

#### Municipal Services

Municipal Services provides the policy, planning, analytical and legislative drafting support necessary to meet the department's responsibilities in the areas of municipal legislation, property taxation, land-use planning, intermunicipal cooperation and municipal status changes. The branch also provides advisory and financial support to assist municipalities to operate efficiently. It works with a broad range of stakeholders, including municipalities and their associations, as well as business, industry and not-for-profit organizations.

#### Assessment Services

Assessment Services creates and develops assessment standards and guidelines and audits municipal assessments to ensure standards are met. The branch leads the development of assessment and education tax policy for the province. It also prepares the assessment of linear property in Alberta. The branch works in partnership with local governments, assessment professionals, and industry to support strong, vibrant communities and improve confidence in the property assessment system.

#### Divisional Services

Divisional Services undertakes research, prepares briefings and correspondence, and carries out coordination activities for the Minister and the Local Government Services Division. The unit also coordinates division-wide activities including budgeting, business planning and information technology.

#### Special Areas Board

The Special Areas Board provides municipal services and long-term land management for the three special areas located in southeastern Alberta. The board is appointed by the Lieutenant Governor in Council.

## Public Safety and Information Management

This division was established as a result of the 1999 government reorganization. It consists of four program areas, all new to Alberta Municipal Affairs, that have strong links to municipalities: Safety Services, Disaster Services, the Fire Commissioner's Office and Information Management and Privacy.

### Safety Services

Safety Services provides advisory services to municipalities, corporations and other entities to promote and enforce appropriate codes and standards and monitors/evaluates their administration of the *Safety Codes Act*. The branch administers the *Safety Codes Act*, which establishes codes, standards and administrative processes in nine disciplines: boiler and pressure vessels, building, fire, plumbing, gas, electrical, elevators, amusement rides and ski lifts. It also represents the province in the development of national and international codes and standards. In addition, the branch provides assistance with policy, planning and analysis, as well as support in drafting legislation.

### Disaster Services

Disaster Services develops and carries out a province-wide program that enhances the ability of municipalities and the province to respond effectively to disasters and major emergencies. The branch also administers the province's disaster recovery programs that provide financial assistance to households, small businesses, farming operations and municipalities for non-insurable losses resulting from natural disasters.

### Fire Commissioner's Office

The Fire Commissioner's Office provides support and technical advice to fire departments and assists with fire investigations. The Fire Commissioner and his staff partner with municipalities and public and private institutions to improve fire protection standards and services. They also work in partnership with the Alberta Fire Training School to provide training and support for firefighters, safety codes officers and municipal officials.

This office provides information products and publications about fire prevention, and collects and publishes information about fire types, causes and origins.

### Information Management and Privacy

Information Management and Privacy provides support to public bodies — provincial government ministries and agencies, health care bodies, local government bodies, school boards and post-secondary institutions — in the application of the *Freedom of Information and Protection of Privacy Act*. This support includes training, advisory services, information products and publications. The branch also provides assistance with policy, planning, legislation and overall coordination related to access to information and protection of privacy.

### ❖ Municipal Government Board

The Municipal Government Board is a quasi-judicial tribunal that adjudicates matters specified under the *Municipal Government Act*.

### ❖ Shared Services

Alberta Municipal Affairs implemented a shared services agreement to provide support services to the new department of Alberta Government Services. The shared service areas included finance, administration, human resources, legal, business and legislative planning, information technology, freedom of information and protection of privacy, and communications support.

## Core Businesses

Alberta Municipal Affairs supports the following four core businesses as indicated in its restated business plan for 1999-2000 to 2001-2002:

1. Local Government Services – ensure public confidence in local government.
2. Information Management and Privacy – maintain a legislative framework that balances access to information with protection of privacy for Albertans.
3. Safety Services – promote quality safety services throughout the province.
4. Disaster Services – provide support to ensure municipalities are prepared to deal with emergencies and disasters; and managing provincial response programs to real-event disasters.

The core businesses identified in the restated 1999-2000 Business Plan for Alberta Municipal Affairs were based on the operational units at the time the plan was approved. Later in the year, three of these operational units were incorporated into the Public Safety and Information Management Division.

Due to the government reorganization in 1999, the following core businesses for Alberta Municipal Affairs were transferred to other departments: Housing (to assist Albertans in need to access shelter in a safe and healthy environment), Consumer Affairs (to promote a fair marketplace for Albertans), and Registries (to ensure continued excellence in the delivery of licensing, registration and information services to Albertans). As a result, the following performance measures no longer apply:

- Satisfaction of local communities and their residents with the affordability, appropriateness, adequacy and quality of the housing and support services in the community (Housing transferred to Community Development);
- Percentage of management bodies whose clients are satisfied with the quality of their accommodation and, where appropriate, the services they receive (Housing transferred to Community Development);
- A safe marketplace to do business for consumers and businesses. A survey of consumers and businesses will be undertaken, the results of which will be an indicator of how safe the Alberta marketplace is (Consumer Affairs transferred to Government Services);
- Customer satisfaction with the registration and licensing services provided by Registries and private sector partners which will include all delivery channels (Registries transferred to Government Services);
- Comparison of Motor Vehicles registration and licensing fees with other Canadian jurisdictions to ensure that Alberta's fees remain competitive (Registries transferred to Government Services).

## Analysis of Key Activities

Alberta Municipal Affairs has been involved in numerous activities in the past year, as demonstrated in the Results Analysis section of this report. The following information outlines the program initiatives and significant improvements, major consultations, legislative changes and outsourcing initiatives that took place in 1999-2000.

### ❖ Program Initiatives and Significant Improvements

### Municipal 2000 Sponsorship Program

This program was introduced in 1998-1999, as a three-year conditional grant program with an annual budget of $10 million to promote innovation, cooperation, and excellence in local government. Conditional grants are provided to eligible Alberta municipalities that undertake projects to improve municipal governance or administration, enhance municipal services or service delivery, and/or increase cooperation with neighbouring municipalities.

In 1999-2000, the program provided grants of $9.9 million to 285 municipalities for projects such as:

- a five-part regional recreational facilities upgrade for the Town and County of Smoky Lake, and the Villages of Vilna, Warspite and Waskatenau;
- the joint purchase of four sets of self-contained breathing apparatus to be shared by six fire departments in Starland County and the Village of Delia;
- expansion of the raw water irrigation system in the Town of Brooks to service an additional 120 acres.

Following the Minister's tour of municipalities in the summer of 1999, additional pressing needs were identified and addressed through special initiatives under the Municipal 2000 Sponsorship Program. Another $2.07 million was provided to help rural municipalities conduct road infrastructure studies. A further $1.08 million was provided for fire and disaster services training, while $250,000 was provided for the Let's Get Wired Project that has assisted 97 per cent of Alberta municipalities in gaining access to the Internet.

These special initiatives resulted in a total of $13.3 million being provided to improve municipal government under the Municipal 2000 Sponsorship Program in 1999-2000.

### Financial Support to Local Authorities

Municipalities are concerned about the additional pressures being placed on their services and infrastructure by Alberta's high economic growth rates. To address this need, a $1 million grant was awarded to the Alberta Urban Municipalities Association (AUMA) to develop a web-based computer system to help municipalities manage their infrastructure and set their priorities for multi-year infrastructure capital planning. The AUMA will work with the Alberta Association of

Municipal Districts and Counties (AAMD&C) and municipal administrators on this project to help municipalities manage roads and related structures, water treatment and distribution systems, sewer collection and treatment systems, storm water systems, solid waste management facilities and municipal buildings.

Another grant of $350,000 was provided to the AUMA and AAMD&C for the Looking Forward to 2050 Project to examine longer-term municipal trends and issues. In addition, $100,000 was provided to the University of Alberta to develop a course for municipal administrators on the foundations of Alberta's *Freedom of Information and Protection of Privacy Act.*

### Intermunicipal Dispute Resolution Initiative

This new dispute resolution initiative helps municipalities resolve intermunicipal disputes at the local level with locally developed solutions. It provides municipalities and regional service commissions with access to effective tools such as mediation and training as they work toward solutions. This innovative program was developed in consultation with the Alberta Association of Municipal Districts and Counties and the Alberta Urban Municipalities Association. The service has contributed to the resolution of five municipal disputes and has provided consultation and assistance for a total of 17. The program has been well received and won a bronze Premier's Award of Excellence.

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**Excellence**

### Well and Pipeline Assessments

Alberta Municipal Affairs made significant improvements in calculating well and pipeline assessments. Before 1999-2000, these assessments were calculated based on data self-reported by industry. As a result of a joint initiative with the Alberta Energy and Utilities Board (EUB), assessments were calculated for the department using EUB data. The year 2001 will be a transition year for this new system.

### Assessment Audit and Equalization Program

This program applied innovative technology to ensure that municipalities adhere to quality standards for assessment. The audit program includes annual statistical audits on all municipalities and detailed audits on a five-year cycle. The audited information is the basis for equalized assessment calculations used for education property tax requisition purposes. This program won a bronze Premier's Award of Excellence.

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### Assessment Review Board Training Project

The Assessment Review Board (ARB) training project was initiated to improve the assessment professionals' and ARB panel members' understanding of quasi-judicial processes and the roles and responsibilities of ARB panels. Approximately 17 sessions were held across the province, with 450 participants representing over 150 municipalities.

### Effective Communications and Actions Workshop

Regional workshops for councillors and administrators on effective communications are being offered. Based on pre-registration, workshops will proceed in 19 areas with some 380 councillors and administrators attending. As of March 31, 2000, eight sessions were held at seven sites.

### Improved Private Sewage System Standards and Electrical Codes

To better protect the environment and public health, Alberta Municipal Affairs worked with Alberta Environment, Alberta Health and Wellness, the private sector and municipal governments to establish a new standard that recognizes the latest technologies and new system designs for on-site sewage treatment and disposal systems.

To simplify Electrical Code regulations, three regulations were combined into one Electrical Codes Regulation. Now all electrical installation requirements for oil and gas facilities, communication and utility installations, and work done under the Canadian Electrical Code are contained in one regulation.

### Safety Codes Act Administration and Municipal Support Program

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The department reviewed all delegated administrative organizations, accredited agencies and 80 per cent of accredited municipalities and corporations for satisfactory performance in their administration of the *Safety Codes Act*. During 1999-2000, support to accredited entities was expanded to include accredited corporations.

Continuous improvement and expansion for the Municipal Support Program was instrumental in helping municipalities apply safety standards consistently. This program won a silver Premier's Award of Excellence and achieved an 86 per cent approval rating in customer satisfaction surveys.

### 1999 Central Alberta Disaster Recovery Program

On July 19, 1999, the department announced a disaster recovery program to assist central Alberta residents and municipalities that suffered damage due to severe flooding. Persistent rain storms compounded by unusually late spring run-off conditions caused overland flooding in many areas of central Alberta.

Temporary disaster recovery registration offices were opened on July 20, 1999 in Red Deer and Sylvan Lake to enable applicants to apply for compensation. A total of 2,081 homeowners and tenants, 126 small businesses, 119 farm businesses and 28 municipalities applied for disaster assistance. The first compensation cheques were mailed to eligible applicants within seven days.

Municipalities received assistance for the repair of roads and other municipal infrastructure damaged by the flooding. This program provided compensation for essential items for which insurance was not available. Compensation was not provided for damage caused by sewer back-up or damage to recreational equipment, stereo equipment, jewellery or other non-essential items or property.

Nearly $10 million was paid to area residents and municipalities under this program.

### Y2K Alberta

As the chair of the Y2K Alberta working group, Disaster Services brought together more than 60 essential service providers in an invaluable forum for the exchange of information on Y2K preparations throughout the province.

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A Y2K Consequence Management Plan was developed to ensure the province could deal with any potential Y2K problems. The plan involved the coordination of essential service providers, municipalities and federal and provincial government departments. This initiative won a bronze Premier's Award of Excellence.

### Fire Loss Statistics

Alberta Municipal Affairs implemented a new electronic method of reporting fire loss incidents. The new approach is expected to capture 60 per cent of all fire incidents in the province, with resultant savings in data-entry time at the Fire Commissioner's Office.

The statistics are used to develop the Fire Commissioner's Annual Statistical Report. This report provides province-wide fire loss statistics for use by municipal fire departments in planning and forecasting, and also provides useful information to the insurance industry.

### Fire Prevention and Public Education

The Fire Commissioner's Office assisted fire services professionals in Alberta to educate the public and the media about fire protection. The Fire Commissioner provided advice to fire departments on managing fire services, recruiting volunteers and other topics.

Among the key public education programs was Fire Prevention Week, which promoted proper fire emergency planning and responses under the theme "Fire Drills: The Great Escape!" Other campaigns included Burn Awareness Week in February and the Christmas Fire Safety Campaign in December. These three campaigns were promoted through partnerships with the municipal fire departments, newspapers — particularly the member newspapers of the Alberta Weekly Newspaper Association — and radio/TV stations. A series of fire safety displays for various target audiences was developed and used by schools, the hospitality industry and others.

The Fire Commissioner's Office also continued its efforts to promote the Learn Not To Burn and Risk Watch programs to teachers and fire services. Fire protection publications including the newsletter *Alberta Fire News* kept the public and stakeholders abreast of current fire issues and trends in the province.

### Safety Codes Officer Training Initiative

Alberta Municipal Affairs coordinated the Safety Codes Officer Training Initiative, an affordable and accessible training program for municipal fire service personnel. Most participants came from rural and smaller urban municipalities. The three-day training program consisted of two courses and was presented to 291 fire service personnel at 15 locations throughout the province.

### Extension of Freedom of Information and Protection of Privacy Act (FOIP)

The FOIP Act was successfully extended to local government bodies and post-secondary institutions in the fall of 1999. Alberta Municipal Affairs established a help desk and developed and published new information on its web site for FOIP staff, municipalities and other local government bodies. These resources complemented *FOIP Forum*, a monthly newsletter created for the countdown to FOIP implementation.

The extension to the municipal sector marked the completion of the process of bringing the FOIP Act into effect for the provincial, municipal and other local government bodies in Alberta. The FOIP Act now applies to some 1,500 public bodies across the province.

### FOIP Training

An extensive training program was offered to all public bodies. More than 60 training courses were provided to nearly 1,450 participants. The FOIP Training Program received a bronze Premier's Award of Excellence for the success of the interdepartmental cooperation and the extensive array of training courses provided to local public bodies.

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**Excellence**

A separate annual report will be tabled in the Legislative Assembly to provide more detailed program delivery information in accordance with the FOIP Act.

## ❖ Major Consultations

Alberta Municipal Affairs continues to support the belief that all Albertans benefit when departments, local governments, municipal associations and other partners work together to provide programs and services. Consultation and direct involvement with other ministries and key partners are essential for success. Some processes that demonstrate this include:

### Minister's Municipal Forums 1999

In the summer of 1999, the Minister of Alberta Municipal Affairs held forums in 12 regions across Alberta with elected officials from 140 municipalities to discuss the challenges they face. A number of priorities were identified including infrastructure assistance and training in important community safety areas.

To address the needs that were identified, funds were reallocated within the department's budget for special grant initiatives such as fire and disaster services training for municipal personnel, rural road studies and the development of a web-based computer system that will help municipalities set priorities for multi-year infrastructure capital planning.

### Property Assessment and Taxation

The department provided support to three MLA committees involved in reviewing property taxation issues. The Education Property Tax MLA Committee continued to investigate issues and develop alternative tax structures. The committee tabled an interim policy, which was adopted by Cabinet for the 2000 education tax requisition. The MLA Farm Property Assessment Review Committee commissioned a study to determine the economic impact of changes being considered on how farm property and operations are assessed and taxed.

The department is also following through on the MLA Industrial Review Committee by updating rates, depreciation, governance and jurisdiction. To facilitate the transition to Alberta Energy and Utilities Board data for the assessment of pipelines, the department worked with the Pipeline Transition Committee. This committee was made up of stakeholder representatives whose mandate was to develop workable options for the transition of the data services.

### The Alberta Capital Region Governance Review

Alberta Municipal Affairs has initiated an innovative discussion process where municipalities in the Edmonton metropolitan region are exploring the service delivery arrangements and structures that best meet current and future needs. An interim report including a recommendation for a regional council was issued in March 2000.

### Interdepartmental Committees

Alberta Municipal Affairs participates on interdepartmental committees with many other provincial government departments. These joint initiatives include:

- the development of a comprehensive flood risk management strategy;
- the Alberta Pandemic Influenza Contingency Planning Process for provincial preparedness, response and recovery to pandemic influenza;
- the Alberta Energy and Utilities Board's Public Safety and Sour Gas Advisory Committee, which evaluates existing sour gas policies, standards and regulations;
- a review of the approval and operation of intensive livestock operations to resolve conflict among varied stakeholders across the province;
- the development of a provincial groundwater strategy;
- the coordination of efforts regarding water/wastewater project funding;
- participation in interdepartmental initiatives on climate change and the reduction of greenhouse gas emissions.

## ❖ Legislative and Policy Changes

### Municipal Government Act

A number of legislative and regulatory amendments were made regarding municipal responsibilities under the *Municipal Government Act.* The Act was amended in response to concerns expressed by municipalities, their associations and other stakeholders to clarify the one-third income tax exemption for elected municipal officials.

The *Municipal Government Act* was also amended by the *Farming Practices Protection Statutes Amendment Act (1999)* to require municipalities to include policies on the protection of agricultural operations in municipal development plans and land-use bylaws, effective April 30, 2002.

### Freedom of Information and Protection of Privacy Act and Regulation (FOIP)

An amendment to the FOIP Act was passed in 1999 to enact the recommendations of the Select Special FOIP Act Review Committee. Among the most notable amendments to the FOIP Act were new provisions clarifying the release of personal information related to school attendance, admission to health care facilities, participation in public events, and the receipt of awards.

The FOIP regulation was amended in the fall of 1999 to enact committee recommendations and reflect the government-wide restructuring that took place in May 1999.

### Matters of Assessment and Taxation Regulation

This new regulation consolidates several regulations to simplify the assessment process for all stakeholders. It concisely outlines the assessment valuation standards for all properties.

### Equalized Assessment Variance Regulation

This new regulation provides interim measures to mitigate the effects of fluctuations in economic conditions on school requisitions while a committee reviews the education property tax system in Alberta. It allows the Minister to vary the equalized assessment prepared for a municipality. This has the effect of increasing or decreasing the amount that a municipality is required to pay into the Alberta School Foundation Fund.

### Sewage, Electrical and Emergency Planning Regulations

A new regulation was developed and approved to recognize the latest technologies and new system designs for private sewage disposal systems. Three new electrical codes were brought into force and consolidated under one regulation. Minor amendments were made to the Government Emergency Planning Regulation, under the *Disaster Services Act,* to reflect government reorganization.

### Regional Services Commission Regulations

Four new regional services commissions were established for waste management. Three minor amendments were made to existing regional services commissions to remove members and make name changes.

### Regional Shopping Centre Allocation of Assessment Regulation

This regulation was amended to add specific stores in specific shopping centres to the schedule.

### Other Assessment Regulations

The following 10 assessment regulations were repealed: Business Assessment, Fair Actual Value, Fair Actual Value Indexing, Farm Land, Linear Property Tax Rate, Major Cities Fair Actual Value, Percentage of Fair Actual Value, Pipeline Assessment Standards, Rural Improvements Assessment Exemption, Works and Transmission Lines Assessment.

## ❖ Privatization and Outsourcing

Alberta Municipal Affairs has successfully privatized appropriate parts of the safety system. In the past, responsibilities were successfully transferred to four delegated administrative organizations: the Alberta Boiler Safety Association, the Alberta Elevating Devices and Amusement Rides Safety Association (AEDARSA), the Alberta Propane Vehicle Administrative Organization, and the Petroleum Tank Management Association of Alberta. Building on this formula for success, the department transferred the additional responsibility for the Passenger Ropeways Safety Program to AEDARSA in 1999-2000.

## Key Factors Influencing Performance

**High economic growth rates and the movement of population** put additional pressure on municipal services and infrastructure in Alberta. As a result, the department provided the following assistance in addition to its regular grant programs:

- $2.07 million to rural municipalities to conduct road infrastructure studies;
- $1 million to the Alberta Urban Municipalities Association to develop a web-based computer system to help municipalities manage their infrastructure and set priorities for multi-year infrastructure capital planning; and
- $350,000 to the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties to examine longer term municipal trends and issues.

**Increasing property values** in some municipalities, because of high growth rates, affected education property taxes. As a result, the department provided assistance to the MLA committee examining the current education property tax system.

**Training needs for municipal fire and disaster services personnel** were identified during the Minister's tour of Alberta municipalities during the summer of 1999. As a result, the department reallocated $1.08 million for fire and disaster services training.

**Flooding in Central Alberta** during the summer of 1999 made a disaster recovery program necessary. As a result, the department provided residents, businesses and municipalities with nearly $10 million in assistance through the 1999 Central Alberta Disaster Recovery Program.

**The transition to the Year 2000** required special measures to ensure emergency preparedness. As a result, the department successfully encouraged the province's essential service providers to coordinate their efforts through the Y2K Alberta working group. This group ensured that the province could deal with any potential problems arising from the transition to the new millennium as a result of the Year 2000 computer issue.

**Extension of the *Freedom of Information and Protection of Privacy Act* (FOIP) to schools** in the fall of 1998 led to concern about what school information to release and what information to protect. As a result, the department provided training sessions on the *Freedom of Information and Protection of Privacy Amendment Act*, which was passed in response to recommendations from the Select Special FOIP Act Review Committee. One of the Act's key amendments, known as the common sense amendment, clearly established that our public institutions should maintain a spirit of openness through reasonable disclosure of personal information such as: school enrolment, names of participants in graduation or sporting events, and names of those who receive honours or awards.

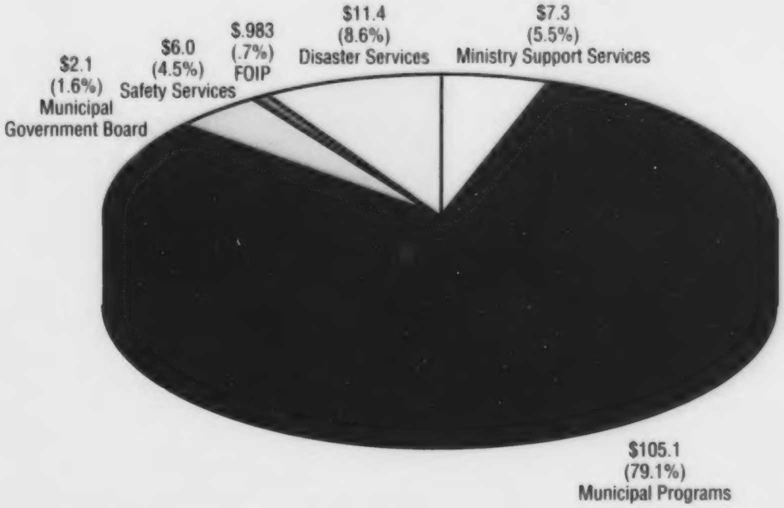
**The Internet** became entrenched as an important business tool. As a result, the department provided $250,000 through the Let's Get Wired Project in 1999-2000. About 97 per cent of Alberta's municipalities are now connected to the Internet.

## Financial Highlights

| | 2000 | | |
|---|---|---|---|
| | Authorized Budget[1] | Actual | 1999 Actual |
| | | (thousands of dollars) | |
| Revenues | $ 12,543 | $ 20,206 | $ 13,495 |
| Expenses | 141,283 | 133,194 | 136,921 |
| Loss on Disposal of Capital Assets | — | 69 | 940 |
| Net operating results | $ (128,740) | $ (113,057) | $ (124,366) |

[1]Includes supplementary estimates approved on December 9, 1999 and March 14, 2000.

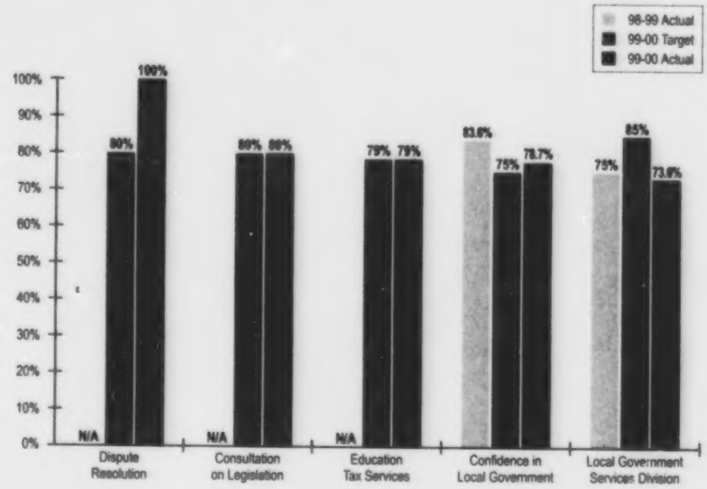
**Voted Program Expenses**
**for the year ended March 31, 2000**
**(millions of dollars)**



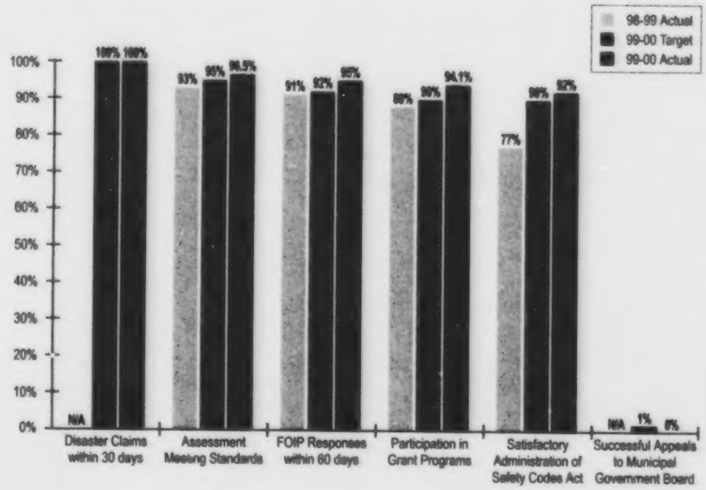
| | 2000 | 1999 |
|---|---|---|
| | (thousands of dollars) | |
| **Assets** | $ 34,794 | $ 30,465 |
| **Liabilities** | $ 10,584 | $ 16,183 |
| **Net Assets** | $ 24,210 | $ 14,282 |

# Performance Measures Highlights

## Customer Satisfaction Measures



## Program Measures



# Results Analysis

## Message from the Deputy Minister

The year 1999-2000 was a time of change for Alberta Municipal Affairs. The government's reorganization was about refocusing government priorities and improving efficiency. Our restructured department provides a more focused and coordinated approach to the delivery of municipally oriented government programs.

During 1999-2000, the department was involved in a number of important initiatives. The Central Alberta Disaster Recovery Program helped individuals, businesses and municipalities recover from heavy flood damage in the summer of 1999. The Y2K Alberta project ensured a smooth transition to the Year 2000, and the Municipal 2000 Sponsorship Program continued to fund projects promoting innovation, cooperation and excellence in small- and medium-sized municipalities.

Some of the department's work involved training that ranged from providing an educational kit for Grade 6 students to preparing staff in local government bodies and post-secondary institutions for the implementation of freedom of information and protection of privacy legislation in their sectors. Training in fire prevention and disaster services planning and response was also funded.

Throughout the year, the department worked with many partners to strengthen and support municipal government in this province. From reviewing taxation and assessment, to participating in the Intensive Livestock Operations review, to providing funding for rural road studies, the department was actively involved with a variety of partners in meeting the needs of Alberta's municipalities.

Although the changes Alberta Municipal Affairs has experienced have presented challenges, department staff met these challenges head on. Their talent, dedication and commitment was suitably recognized and rewarded with five Premier's Awards of Excellence for work completed during 1999-2000.

Five of the 34 awards for all of government is an impressive showing for our department, and I'm extremely proud of these results. They are a credit to our employees who have demonstrated skill in envisioning and initiating new ventures and in carrying out the plans to successfully complete them.

We are a strong team dedicated to serving Albertans and achieving this department's objectives. Together, we will continue to meet the needs of Albertans.

Dan Bader

Dan Bader, P.Eng.
Deputy Minister
Alberta Municipal Affairs

## Goals, Results and Measures by Core Business

As indicated in its restated business plan for 1999-2000 to 2001-2002, Alberta Municipal Affairs has four core businesses:

1. Local Government Services – to ensure public confidence in local government.
2. Information Management and Privacy – maintain a legislative framework that balances access to information with protection of privacy for Albertans.
3. Safety Services – promote quality safety services throughout the province.
4. Disaster Services – provide support to ensure municipalities are prepared to deal with emergencies and disasters; and managing provincial response programs to real-event disasters.

The business plan identified seven goals and 11 performance measures for assessing the department's success in fulfilling these business requirements.

### ❖ Core Business 1 — Local Government Services

**Goal 1: Enhance the current property assessment system to ensure efficiency and uniformity**

**Results**

- Provided support to MLA committees reviewing education property taxes, farm property taxes, and industrial property taxes.
- Implemented the 1994 base rates, shallow gas well rates and low-producing well rates as recommended by the MLA Industrial Review Committee. Working groups were also established on industrial property depreciation and rates in response to the MLA committee's recommendations.
- Began a transition to using Alberta Energy and Utilities Board data as the primary source of pipeline information. This was done to enhance linear property assessment for the calculation of pipeline assessments for tax year 2000.
- Helped municipalities achieve assessment standards in the four non-regulated property categories — residential, non-residential, vacant residential and vacant non-residential — through the ongoing audit program and advisory support.
- Coordinated training initiatives for the Assessment Review Board to bring uniformity and efficiency to the assessment process. Seventeen training sessions were held across the province for 450 participants representing more than 150 municipalities.

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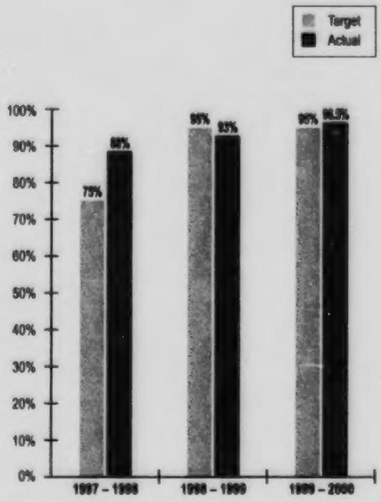
## Performance Measures

**Measure:** **Percentage of municipal assessment rolls which meet the provincial standards for procedures, uniformity and equity**

Target: 95 per cent overall compliance
Actual result: 96.5 per cent overall compliance

Municipal assessment rolls that meet provincial standards



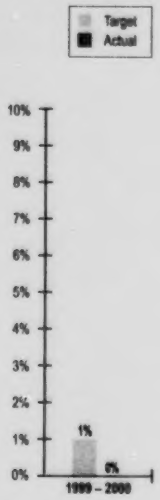
### Analysis

In 1999-2000, the target of 95 per cent overall compliance was exceeded with a result of 96.5 per cent. In comparing the result to the four categories that make up the measure, three of the four property categories exceeded the 95 per cent compliance target: improved residential 96 per cent, improved non-residential 99 per cent and vacant non-residential 97 per cent. The category of vacant residential, at 94 per cent, came close to the target of 95 per cent, an improvement of three per cent over last year.

**Measure:** **Number of equalized assessments that are successfully appealed to the Municipal Government Board**

Target: no more than 1 per cent successful appeals
Actual result: 0 per cent successful appeals

Successful appeals to Municipal Government Board



### Analysis

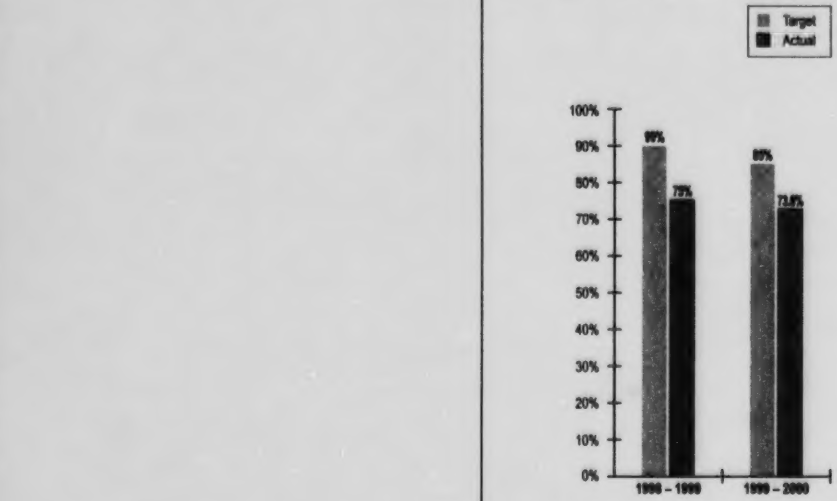
This measure is an indicator of the department's success in providing an appropriate property assessment and a provincial property tax policy system to ensure efficiency and uniformity. There were no successful appeals to the Municipal Government Board, so this goal has been exceeded. An equalized assessment appeal is considered successful when the Municipal Government Board or a higher authority overturns the equalized assessment.

There were three equalized assessment appeals to the Municipal Government Board in 1999-2000. Two of the appeals were withdrawn, leaving only one appeal outstanding, which is scheduled to be heard in the 2001 fiscal year.

**Measure:** **Client satisfaction survey on appropriateness, adequacy, timeliness and quality of services provided**

Target: 85 per cent satisfaction
Actual result: 73.6 per cent satisfaction

Client satisfaction with local government services



### Analysis

The actual satisfaction for 1999-2000 was 73.6 per cent, compared to the target of 85 per cent, and in line with last year's actual of 75 per cent. The 1999-2000 results were compiled from a comprehensive and specific telephone survey, sampling all municipalities.

The results reflect a decline in satisfaction among the municipalities with services provided by the Assessment Services Branch. There have been significant changes over the last year in the areas of linear property assessment and equalized assessment. Though these changes will result in long-term gains in efficiency and equity, they have required municipalities to change some of their practices, and this may have resulted in a decline in the level of their satisfaction.

## Goal 2: Provide leadership that ensures the provincial property tax policy system is responsive and accountable

### Results

- Provided assistance to the MLA committee examining the current education property tax system. The department led a subcommittee with Alberta Learning and Alberta Treasury to provide research and policy advice to the MLA committee. The government established policy for the year 2000 based on the MLA committee recommendations and established an Equalized Assessment Variance Regulation.

- Worked with Alberta Learning to develop information brochures on education property taxes for municipal distribution. Established an education tax hotline for property taxpayers.
- Continued to support the MLA Farm Property Assessment Review Committee. An impact study on nine municipalities was conducted to determine the impact of proposed solutions to rural property assessment issues.

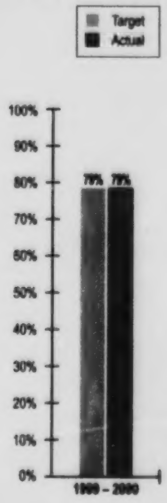
## Performance Measures

Measure: **Client satisfaction with the accuracy, adequacy and appropriateness of services provided regarding education tax requisitioning**

Target: 79 per cent satisfaction

Actual result: 79 per cent satisfaction

Client satisfaction with education tax services



### Analysis

Client satisfaction with the department's handling of education taxes met the target at 79 per cent. This year's level of satisfaction was adopted as a benchmark for the measure. The client satisfaction survey measured to what extent client expectations for service delivery, access to the department, and communications were being met. There were no results of less than 74 per cent in each of the three categories.

## Goal 3: Provide effective leadership and support to encourage municipalities to meet Albertans' expectations of local government

### Results

- Administered several grant programs. In 1999-2000, grant payments were $32.4 million for the Unconditional Municipal Grants Program, $14.1 million for the Municipal Debenture Interest Rebate Program, $28.9 million for the Grants in Place of Taxes Program, $13.3 million for the Municipal 2000 Sponsorship Program, and $1.7 million in other financial support to local authorities. Under the Municipal 2000 Sponsorship Program, $3.4 million of the $13.3 million total was extra funding allocated for municipalities to undertake three special initiatives: rural road studies, fire and disaster services training, and Internet connections.
- Provided grants to local authorities. In 1999-2000, $1 million was provided to the Alberta Urban Municipalities Association (AUMA) to develop a web-based computer system to help municipalities manage their infrastructure and set their priorities for multi-year infrastructure capital planning. Another grant of $350,000 was provided to the AUMA and the Alberta Association of Municipal Districts and Counties for the Looking Forward to 2050 Project to examine longer term trends and issues.
- Supported the Minister's municipal forums in 12 locations involving chief elected officials and administrative officers from 140 municipalities across the province to gather input on provincial/municipal opportunities and challenges.
- Supported the Alberta Capital Region Governance Review, involving elected officials and municipal administrators in the capital region. This initiative is looking at how to address the broad range of challenges and opportunities the region will face over the next 30 years or more. The region's mayors and reeves have been working together to determine how they can develop and implement shared priorities and policies, keep the region globally competitive and deliver services to area residents as efficiently as possible. An interim report was delivered in March 2000 and a final report will be submitted in late 2000.
- Conducted research and made other preparations to begin a review of municipal/provincial roles and responsibilities. The goal of this multi-year initiative is to develop a framework for defining and maintaining the future relationship between the province and municipalities.

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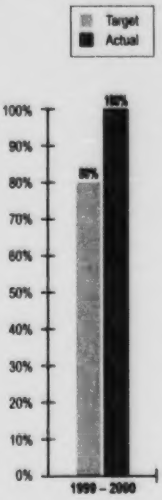
- Implemented the Intermunicipal Dispute Resolution Initiative, which gives municipalities more help to resolve intermunicipal disputes at the local level. The program includes a mediation process, access to facilitators, and training. The service has contributed to the resolution of five municipal disputes, and has provided consultation and assistance for a total of 17. This innovative program has been well received by stakeholders and users.
- Worked with consultants and municipal stakeholders to develop a comprehensive proposal to research benchmarking processes and self-evaluation of excellence regarding the specific needs of each municipality. This initial work is forming the basis for the research to be conducted with municipalities and their associations during 2000-2001.
- Completed the Let's Get Wired project, which was initiated in 1998-1999, resulting in 97 per cent of municipalities being connected to the Internet.
- Provided Effective Communications and Actions workshops for councillors and administrators. As of March 31, 2000, eight of the 19 sessions planned had been delivered. In total, 450 participants representing more than 150 municipalities have registered.
- Examined the provincial government's relationship with national parks in Alberta through work on a committee consisting of members from Alberta International and Intergovernmental Relations, Environment, Economic Development and Municipal Affairs.
- Worked with representatives from the energy sector, six municipalities, the Alberta Association of Municipal Districts and Counties, and four provincial government departments to develop a joint approach to address concerns with seismic operations on municipal road allowances. An operational agreement, presented to the ministers in September 1999 as information, was implemented on a trial basis in the six participating municipalities over the 1999-2000 exploration season. Participant satisfaction with this cooperative approach has been very high. As a result, participants are now working on other municipal/energy sector issues.
- Continued to encourage participation and communication with local governments by strengthening young Albertans' knowledge and confidence in local government through the release of the Edukit, a Grade 6 Social Studies resource. The kit was mailed to about 3,500 teachers, learning resource centres and libraries in May 1999. A new module on the role of school boards was completed in March 2000.

## Performance Measures

**Measure: Percentage of satisfied users of dispute resolution service**

Target: 80 per cent
Actual result: 100 per cent

Client satisfaction with dispute resolution service



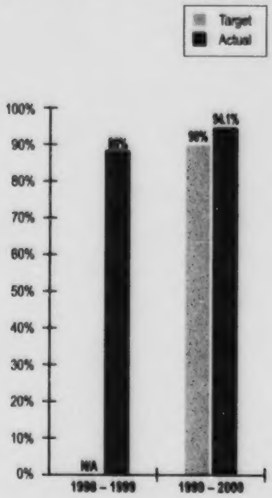
### Analysis

The level of satisfaction for 1999-2000 was 100 per cent. This high level of satisfaction indicates that the dispute resolution service was successful in providing effective leadership and support to encourage municipalities to meet Albertans' expectation of local government. Leadership was provided while working together with municipalities to resolve their issues, develop unique solutions and promote better relations. The high level of satisfaction further implies that municipalities were satisfied with the dispute resolution service, its role in resolving municipal disputes, and the outcomes generated.

**Measure:** **Percentage of eligible municipalities participating in the grant programs**

Target: 90 per cent
Actual result: 94.1 per cent

### Municipalities participating in grant programs



## Analysis

This target of 90 per cent participation was exceeded with 94.1 per cent of eligible Alberta municipalities taking part in non-compulsory grant programs administered by the department. Following the first year of the Municipal 2000 Sponsorship Program in 1998-99, a full review of the program took place to assess the effectiveness of the assistance. The review included surveying municipalities and providing workshops. Based on information and feedback received from municipalities, guidelines were adjusted for the second year of the program in 1999-2000.

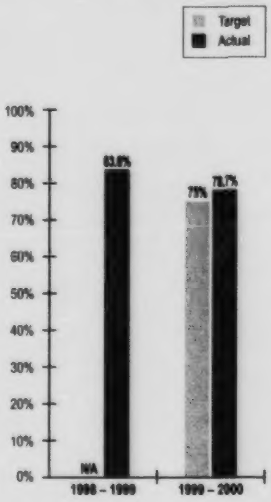
In addition, some projects funded in the program's first year were sampled to determine if the program was targeting the projects as desired.

The high level of participation in the Municipal 2000 Sponsorship Program, a voluntary grant program, indicates that Local Government Services has been successful in providing effective leadership and support to encourage municipalities to meet Albertans' expectations of local government.

**Measure: Survey of Albertans' level of public confidence with local governments**

Target: 75 per cent
Actual result: 78.7 per cent

Public confidence in local governments



### Analysis

The level of Albertans' overall satisfaction was 78.7 per cent, exceeding the target of 75 per cent for this measure. The satisfaction level of 78.7 per cent indicates that Alberta Municipal Affairs is providing a level of service that helps municipalities meet the needs of a majority of Albertans. In the survey, Albertans identified two areas of concern with municipal government: communication with citizens and maintaining and developing infrastructure. The department addressed these concerns with communications training for municipal officials and a grant to fund the Municipal Infrastructure Management System.

## Goal 4: Provide effective legislation and processes to enhance the ability of municipalities to meet the needs of Albertans

### Results

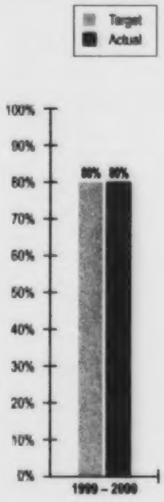
- Developed a comprehensive flood risk management strategy in conjunction with Alberta Environment as part of the Flood Plain Development Review.
- Participated in the Intensive Livestock Operations Review. The Minister of Agriculture, Food and Rural Development is reviewing its recommendations.
- Developed a provincial groundwater strategy and coordinated water/ wastewater project funding.
- Developed strategies for dealing with climate change and reducing greenhouse gas emissions.
- Reviewed 106 requested amendments to the *Municipal Government Act* and 111 to the *Local Authorities Election Act.* Approximately 1,200 stakeholders were consulted during both reviews. The consultation process used the department's web site to present the consultation documents to the general public and to make it easier for stakeholders to respond.
- Addressed the issue of the elected municipal officials' income tax exemption through amendments to the *Municipal Government Act* and the *Special Areas Act.*
- Amended the *Municipal Government Act* through the *Farming Practices Protection Statutes Amendment Act (1999)* to require municipalities to include policies on the protection of agricultural operations in municipal development plans and land use bylaws, effective April 30, 2002.
- Consolidated several regulations in the Assessment and Taxation Regulation 289/99 to simplify the assessment process for all stakeholders. The regulation concisely outlines the assessment valuation standards for all properties.
- Repealed 10 regulations relating to assessment and taxation and one relating to Special Areas (Irrigation Lease).
- Filed a new regulation, the Equalized Assessment Variance Regulation. This regulation allows the Minister to vary the equalized assessment prepared for a municipality.
- Amended the Regional Shopping Center Allocation of Assessment Regulation to add specific stores in specific shopping centers to the schedule.
- Established four new regional services commissions for waste management.

## Performance Measures

Measure: **Survey of stakeholders' satisfaction with the consultation process for changes to legislation and regulations**

Target: 80 per cent
Actual result: 80 per cent

Stakeholder satisfaction with consultation on legislation



### Analysis

The target of 80 per cent was met. This measure focused on the department's activities, services, programs and legislative framework in enabling and promoting a cooperative and well-managed local government sector. The high overall satisfaction levels indicate that Alberta Municipal Affairs is doing a good job of consulting with its stakeholders and that these stakeholders have had an adequate opportunity to express their views regarding legislation.

## Financial Information for Core Business 1

On the Statement of Operations, the 1999-2000 actual program expenses of $105.063 million (page 72 of the annual report) are $8.901 million (7.8 per cent) under the $113.964 million budget. Page 86 of the annual report on Schedule 5 provides further details, under Municipal Programs, on the $8.901 million in under-expenditure (after deducting the capital investment variance of $152,000). One of the primary reasons for the under-expenditure was the reduction of $4.176 million in the unconditional municipal grant program. This was due to some planned restructuring activities not going ahead during the year. Also, $8.463 million in Grants in Place of Taxes was unexpended due to the following reasons:

- Crown property was sold;
- Market value assessments, particularly in Calgary and Edmonton, did not have as significant an impact on the program as originally expected;
- Most municipalities have been holding the line on tax increases.

The reductions described above were partially offset by the over-expenditures in financial support to Local Authorities of $1.398 million and grants of $3.283 million under the Municipal 2000 Sponsorship Program. The details contributing to these over-expenditures are as follows:

- $1 million grant to the AUMA to develop the Municipal Infrastructure Management System;
- $350,000 grant to the municipal associations for the Looking Forward to 2050 Project;
- $100,000 grant to the U of A Faculty of Extension to develop the FOIP Foundations course, as part of the Municipal Government Certificate Program;
- $2 million in rural road study grants under the Municipal 2000 Sponsorship Program;
- $1.08 million provided for the disaster and fire services training initiative under the Municipal 2000 Sponsorship Program.

The 1999-2000 actual program expenses of $105.063 million have decreased by $12.3 million (10.5 per cent) from the 1998-1999 actual program expenses of $117.363 million. The 1998-1999 actual expenses, where a supplementary estimate was required, included a $10 million payment to the capital region for a coordinated regional initiative (the extension of Anthony Henday Drive). It also included $3.442 million for administrative costs and payments to municipalities related to the senatorial nominee elections.

## ❖ Core Business 2 — Information Management and Privacy

### Goal 1: Fair and effective access to information and protection of privacy

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**Results**

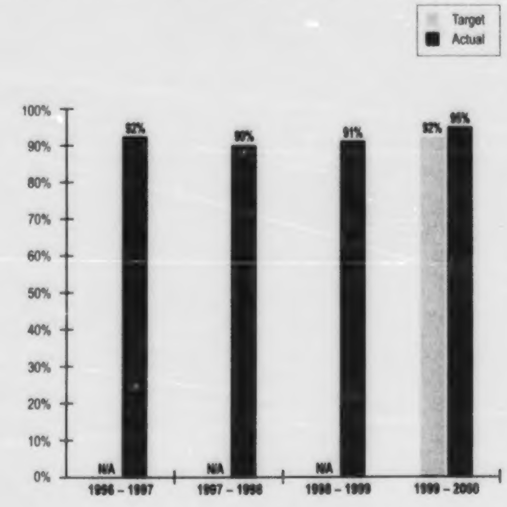
- Provided a training program on the *Freedom of Information and Protection of Privacy Act* (FOIP), a collaborative effort among staff from 10 different ministries to communicate complex legislation to more than 1,500 organizations.
- Extended the FOIP Act to local government bodies and post-secondary institutions on October 1, 1999.
- Provided training sessions on the FOIP Amendment Act, which was passed in response to recommendations from the Select Special FOIP Act Review Committee.
- Chaired an interdepartmental committee that will help the province plan its response to the federal *Personal Information Protection and Electronic Documents Act*. This new legislation will extend privacy rules to businesses starting January 1, 2004.

**Performance Measures**

**Measure: The percentage of FOIP requests completed by government public bodies in 60 days or less**

Target: 92 per cent
Actual result: 95 per cent

FOIP requests completed in 60 days or less



### Analysis

The actual result for 1999-2000 was 95 per cent, exceeding the target of 92 per cent.

Government public bodies have consistently completed FOIP requests in 60 days or less for more than 90 per cent of all FOIP requests. This measure provides evidence that government public bodies are complying with the FOIP legislation and affirms that the public has effective access to information in Alberta.

This performance measure has been revised for 2000-2001 to measure the number of requests completed within legislated guidelines, and the target has been increased to 95 per cent. The revised measure will assess the government's compliance with the FOIP Act rather than completion of requests within a specified time frame.

## Financial Information for Core Business 2

On the Statement of Operations, the 1999-2000 actual program expenses of $983,000 (page 72 of the annual report) have increased by $33,000 (3.5 per cent) over the $950,000 budget. This increase largely relates to higher manpower costs because of the larger number of organizations covered by the Act.

The 1999-2000 actual program expenses of $983,000 have increased by $113,000 (13 per cent) over the 1998-1999 actual program expenses of $870,000, due to the larger client base.

## ❖ Core Business 3 — Safety Services

### Goal 1: Promote quality safety services throughout the province

### Results

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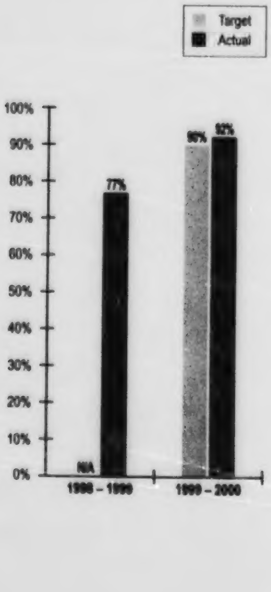
- Concentrated on a risk-based approach to improving performance and safety through the Safety Services Municipal Support Program (Enhancing Safety Through Mentoring). This initiative, which is the only one of its kind in Canada, increases productivity and improves compliance with safety standards. It has proven to be instrumental in helping municipalities achieve consistency in applying safety standards. Safety Services staff monitor performance and act as liaisons to provide advice, ideas, technical knowledge and support for clients.
- Coordinated the Municipal 2000 Sponsorship Program for fire services training and training materials. Grants under this program allowed eligible municipalities to prepare fire protection master plans, and to apply to receive fire protection publications and training equipment. A total of 115 grants were approved.
- Coordinated the Safety Codes Officer Training Initiative, a training program for municipal fire service personnel. During 1999-2000, a three-day training program consisting of two courses was offered to a total of 291 fire service personnel representing 157 municipalities, at 15 locations throughout the province.
- Worked with Alberta Environment, Alberta Health and Wellness, the private sector and municipal governments to establish a new standard for the design and installation of more modern on-site sewage treatment and disposal systems. This new standard will better protect Alberta's environment and public health.
- Monitored the Alberta Boilers Safety Association's progress in eliminating the backlog of overdue inspections. The association is currently working on more aggressive targets than initially proposed and it intends to eliminate the backlog by November 1, 2001.
- Continued to participate as members of policy and technical bodies at all levels. The department's strong partnership with the Safety Codes Council and its nine technical councils continued with a number of consultations regarding the development of codes and standards. Relationships with national and international bodies such as the Canadian Standards Association were also maintained and continue to be an integral part of codes and standards development.
- Implemented a new electronic method of reporting fire loss incidents. The new approach is expected to capture 60 per cent of all fire incidents in the province, with resultant savings in data-entry time at the Fire Commissioner's Office. The project will expand to electronically capture fire incident reports from medium-sized fire departments in the coming year.

- Assisted municipalities in the timely and accurate reporting of their fire incidents through courses and visits by field staff involved with municipal reviews. The bi-annual reviews indicate that a high percentage of fires are being reported as required by the *Safety Codes Act*. This increased the ability of the Fire Commissioner's Office to offer accurate and meaningful statistics as required by municipalities during the fire protection master planning process.
- Produced 220,000 fire escape worksheets with help from a corporate sponsor and distributed them to schools through fire departments. Prizes and awards for participating children included batteries for smoke alarms, becoming fire chief for a day, and other locally determined gift options.
- Completed three fire safety display units. They have been used successfully by the Fire Commissioner's Office and municipal fire departments.
- Participated in a variety of conferences and trade shows, with informative displays and presentations aimed at increasing public awareness.

### Performance Measures

| | |
|---|---|
| Measure: | **The percentage of assessed organizations administering the *Safety Codes Act* that achieve a satisfactory performance rating, as defined by the monitoring program** |
| Target: | 90 per cent |
| Actual result: | 92 per cent |

Percentage of assessed organizations that achieved a satisfactory performance rating



### Analysis

Safety Services exceeded its target of 90 per cent in 1999-2000. This key performance statistic gives an indication of the overall health of the safety system by measuring the degree to which accredited organizations are effective in meeting the requirements of accreditation. The overall performance of each organization type is used to focus improvement efforts on the higher risk issues for the coming year. The performance of individual organizations is used on a routine basis to direct mentoring and other improvement activities throughout the year.

The number and type of organizations included in this measure for 1999-2000 has changed. In 1998-1999, only accredited municipalities (312) and authorized accredited agencies (23) were included. During 1999-2000, monitoring and support programs expanded to include accredited corporations (99) and delegated administrative organizations (4). This measure now reflects the combined performance of all four types of accredited organizations.

This measure is derived from our monitoring and mentoring programs. Monitoring engagements employ a uniform checklist approach to establishing an accredited organization's compliance with the quality management plan that sets the requirements for the administration of the *Safety Codes Act*. The improvement in performance witnessed this year, even though the number of assessed organizations has increased, is a direct result of risk-focussed mentoring and continuous improvement activities.

Accredited municipalities, in particular, achieved higher performance levels due to implementation of more reliable administrative processes, better record-keeping and improved follow-up on safety issues identified by safety codes inspections.

Similar improvements were seen with authorized accredited agencies. Accredited corporations and delegated administrative organizations initial performance was at a high level. Next year's programs will focus on performance areas that will bring about further improvement.

## Financial Information for Core Business 3

On the Statement of Operations the 1999-2000 actual program expenses of $6.014 million (page 72 of the annual report) are $689,000 (12.9 per cent) over the $5.325 million budget. Page 86 of the annual report on Schedule 5 provides further details, under Safety Services, on the $689,000 in over-expenditures. The over-expenditure in program management is largely due to manpower increases and retroactive pay adjustments. The over-expenditure in civil technical services is largely due to unexpected legal fees. The over-expenditure in the Fire Commissioner's Office is largely due to the provision of materials and equipment for fire training conducted with municipalities and is associated with the grant provided under the Municipal 2000 Sponsorship Program.

The 1999-2000 actual program expenses of $6.014 million have increased by $1.024 million (20.5 per cent) over the 1998-1999 actual program expenses of $4.99 million. The increase is largely due to the postponement of contracts for fire investigation services in 1998-1999 and the reasons cited in the above paragraph.

## ❖ Core Business 4 — Disaster Services

### Goal 1: Supporting responses to major disasters and emergencies

**Results**

- Chaired the Y2K Alberta working group that brought together more than 60 essential service providers in a forum to exchange information about Y2K preparedness. The group developed plans for responding to potential problems involved in the changeover to the new millennium. Internet web sites were used to provide accurate, timely information through international, national and provincial situation reports. These sites were updated every two hours during the transition period from December 31, 1999 to January 1, 2000. The Y2K issue focussed all stakeholders' attention on the need for disaster recovery and business continuity plans, regardless of the threat. This project created a new network of disaster-ready partners — a legacy for future emergencies and disasters.

**2000**
**Premier's**
**Award *of***
**Excellence**

- Processed 100 per cent of disaster recovery claims for the 1999 Central Alberta Disaster Recovery Program within 30 days of being received. A total of 2,081 homeowners and tenants, 126 small businesses, 119 farm businesses and 28 municipalities applied for disaster assistance under this program.
- Coordinated the Municipal 2000 Sponsorship Program for disaster services training. Forty-five grants were approved.
- Continued to work with municipalities and other partners to develop and test emergency plans as a key element of the overall enhancement of emergency preparedness. The department intends to validate 100 per cent of municipal emergency plans and municipally related provincial emergency plans over a four-year cycle.
- Shared the lead for the Alberta pandemic influenza contingency planning process with Alberta Health and Wellness to ensure provincial preparedness to respond to and recover from an outbreak of pandemic influenza.
- Worked with Alberta Environment to develop a comprehensive flood risk management strategy.

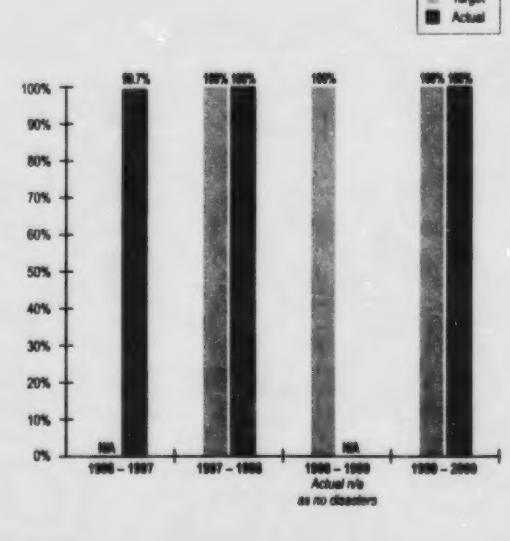
- Participated on the Alberta Energy Utilities Board's Public Safety and Sour Gas Advisory Committee, which evaluates existing sour gas policies, standards and regulations.
- Developed a Critical Pest Infestation Response Plan that sets out responsibilities of applicable government and private sector groups.
- Maintained resources and equipment in Government Emergency Operations Centre (GEOC) so it can be activated on one-hour notice to coordinate responses to emergencies or disasters in the province. The GEOC was partially activated to support exercises conducted by municipalities and other partners.
- Continued to work with Emergency Preparedness Canada to review the Disaster Financial Assistance Arrangements with a view to achieving consistency in interpretation and delivery across the country. All provinces and territories undertook this review effort jointly.
- Maintained ongoing contact with a range of emergency preparedness partners including municipalities, health authorities, other provincial and federal departments, industry, and non-governmental organizations. This contact occurs in working groups around specific topics, in regional or issue-based discussion groups, and in routine liaison.

### Performance Measures

Measure: **Percentage of claims where a damage assessor arrives on site and begins processing the claim within 30 days of a claim being received**

Target: 100 per cent
Actual result: 100 per cent

Disaster claims processed within 30 days of receipt



### Analysis

This measure was applied to the department's response to the flood damage that occurred in central Alberta in the summer of 1999. Alberta Municipal Affairs met its target of 100 per cent, because all claims to the 1999 Central Alberta Disaster Recovery Program were processed within 30 days of being received.

A disaster event is unique and overwhelms existing resources. This performance measure enables the department to determine if it is responding promptly when Albertans have been devastated by a disaster and need help in recovering the loss of essential items.

In the 1999 Central Alberta Disaster Recovery Program, the total number of applications and the total deemed to be eligible, by program component, are as follows:

| Program component | Total number of applications | Ineligible applications | Eligible applications |
|---|---|---|---|
| Residential | 2,081 | 268 | 1,813 |
| Small Business | 126 | 58 | 68 |
| Agricultural | 119 | 56 | 63 |
| Infrastructure and Emergency Operations | 31 | 0 | 31 |

## Financial Information for Core Business 4

On the Statement of Operations, the 1999-2000 actual program expenses of $11.403 million (page 72 of the annual report) have increased by $8.847 million (346.1 per cent) over the $2.556 million budget. A $9.15 million supplementary estimate was approved on December 9, 1999 to provide for the expenses associated with the central Alberta flooding. Page 86 of the annual report on Schedule 5 provides further details, under Disaster Services, including the supplementary estimate.

The 1999-2000 actual program expenses of $11.403 million have increased by $7.396 million (184.6 per cent) over the 1998-1999 actual program expenses of $4.007 million. The year-to-year change is largely due to the central Alberta flooding referred to in the previous paragraph.

## Future Challenges

Compiling the annual report provides an opportunity to compare the department's achievements to the business plan framework of core businesses, goals and performance measures. In 1999-2000, Alberta Municipal Affairs had seven goals focussed on core businesses and specific branch activities. For 2000-2001, the goals have been reworked to capture the complementary and integrated nature of our two primary divisions. The new goals will centre on local government, financial stability for municipalities and effective support programs and services for local government.

Similarly, our 1999-2000 performance measures have been revised. In 1999-2000, the department relied on eight measures to report on local government services. For 2000-2001, three of these measures will be rolled into one, four will be deleted, one related to municipal assessments meeting provincial standards will be retained, and one related to municipal financial sustainability will be added. As a result, three measures will be used to report on local government services in 2000-2001.

For our new goal on financially sustainable and accountable municipalities, a new performance measure will be introduced. Our goal on support services and programs will be supported by two new measures and four measures carried over from 1999-2000, one of which has been slightly modified to agree with amended legislation.

Alberta Municipal Affairs is continually searching for ways to improve on performance reporting, including the identification of more meaningful measures and improvements to the methods and calculations of existing measures. We will be exploring the possibility of consolidating our customer satisfaction surveys. This would provide primary measures and could be a first step in identifying areas that require further investigation and analysis.

Alberta Municipal Affairs is pleased with the results of the 1999-2000 operating year and is excited about the changes being introduced to help integrate the way the department supports local governments.

AUDITOR
GENERAL
*Alberta*

# Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

To the Members of the Legislative Assembly:

I have performed the following procedures in connection with the Ministry of Municipal Affair's key measures included in the *1999-2000 Annual Report of the Ministry of Municipal Affairs* as presented on pages 48 to 65.

1. Information obtained from an independent source, such as Statistics Canada, was agreed with the information supplied by the stated source. Information provided internally was agreed to the reports from the systems used to develop the information.
2. The calculations which converted source information into reported measures were tested.
3. The appropriateness of the description of each measure's methodology was assessed.

As a result of applying the above procedures, I found no exceptions. However, these procedures do not constitute an audit, and therefore I express no opinion on the key measures included in the *1999-2000 Annual Report of the Ministry of Municipal Affairs.*

Peter Valentine
FCA
Auditor General

Edmonton, Alberta
September 7, 2000

## Specified Audit Procedures

### Goal 1: Enhance the current property assessment system to ensure efficiency and uniformity

### Performance Measure

**Percentage of municipal assessment rolls which meet the provincial standards for procedures, uniformity and equity**

#### Relevance of Measure to Goal

This performance measure is a percentage of the overall level of compliance with the quality standards in the Matters Relating to Assessment and Taxation Regulation AR 289/99 of the *Municipal Government Act.*

The department's role is to monitor the quality of property assessments carried out by municipalities and ensure that a municipality's assessment is a fair basis for cost-shared programs, such as education. Further, the department monitors municipal assessment quality to ensure that assessments are distributed fairly within municipalities. Increasing trends over time will demonstrate the department's effectiveness in improving the system. This is important in an environment where the preparation of assessments has been decentralized and is performed, in many instances, by private contractors or municipal employees. It supports the government's goal to build on the Alberta Advantage because an efficient and uniform assessment base within municipalities promotes a climate conducive to investment, job creation and wealth generation.

The assessment audit is the method used to monitor equalized assessment uniformity of the system created following the Matters Relating to Assessment and Taxation Regulation AR289/99. The objective of the annual audit is to verify whether municipal assessments meet regulated quality standards. This will ensure uniformity among municipal equalized assessments.

#### Targets

1999-2000: Target – 95 per cent
Actual – 96.5 per cent

1998-1999: Target – 95 per cent
Actual – 93 per cent

1997-1998: Target – 75 per cent
Actual – 88 per cent

#### Data Source

Under the Assessment Audit Program, Alberta Municipal Affairs communicates assessment standards, audits municipal assessments to determine compliance with the standards, and verifies the assessment levels used to prepare the equalized assessment. The audit program consists of annual audits.

No later than April 1 of each year, all municipalities are required to supply assessment-to-market ratios and supporting assessment and sales data in a standard format. The Assessment Audit Unit then performs a statistical analysis to verify the assessment ratios.

The annual audit program is an important tool in measuring mass appraisal performance. Through ratio studies, the Assessment Audit Unit compares municipal assessments to market value and verifies whether municipal assessments meet regulated quality standards. The audit data is verified by using a statistical and data manipulation software program. Tests are done to check for compliance with the regulated quality standards.

The municipalities' verified assessment audit data is stored in a secure Oracle database held by the Assessment Services Branch. The Assessment Services Branch publishes the final results in the Assessment Audit 1999-2000 Annual Report.

### Methodology

Under the Matters Relating to Assessment and Taxation Regulation, the quality standard specifies that the acceptable range for median assessment ratios is between 0.90 and 1.10.

Each municipality will calculate its assessment ratios of total assessment value to total market value (sale price) for all properties sold, which fall in any of the four property categories (improved residential, vacant residential, improved non-residential, vacant non-residential) as provided in the Assessment Audit 1999-2000 Annual Report.

All the ratios within a property category are ranked and the median determined. Each median is then weighted by its respective total assessed value for that property category, and a mean of the four categories is calculated and expressed as a percentage.

## Performance Measure

**Number of equalized assessments that are successfully appealed to the Municipal Government Board (MGB)**

(In addition to this number, management also monitors the impact of successful appeals, expressed as a percentage change to the equalized assessment base.)

### Relevance of Measure to Goal

If the MGB upholds the equalized assessments on appeal, that is confirmation that it considers the equalized assessments to be fair and uniform. The desired outcome of Goal 1 of the Business Plan is to enhance the current property assessment system to ensure efficiency and uniformity. The performance measure is linked to the department's goal of ensuring the assessment process remains fair and equitable.

The measure supports the government's goal to build on the Alberta Advantage because a fair and equitable assessment base within municipalities promotes a climate conducive to investment, job creation and wealth generation. Through this method of measurement, the goal of uniformity may be monitored. The outcome is an equalized assessment base that provides a fair comparison among municipalities for cost-sharing programs.

### Targets

1999-2000: Target – 1 per cent
Actual – 0 per cent

1998-1999: Target – n/a
Actual – n/a

The target is a change of one per cent of the equalized assessment base.

### Data Source

The measure is determined by calculating the percentage of the total equalized assessment base that has changed as a result of successful equalized assessment appeals by municipalities to the MGB or a higher authority. An appeal is considered successful if it results in a change in the equalized assessment through a decision by the MGB or a higher authority. The equalized assessment base for 1999-2000 was composed of 360 municipalities in Alberta. The equalized assessment appeal data is compiled and held in a secure database by the MGB. The data used in the calculation is based on 2000 equalized assessments done in the fiscal year 1999-2000.

Alberta Municipal Affairs must release the equalized assessment report by November of each year. Municipalities have until December 1 of that year to file an appeal. The MGB is required to issue a decision by March 1 of the following year. An extension was granted on one appeal of an equalized assessment in 2000. Under normal circumstances, all appeals are dealt with before the end of the fiscal year, but in this case, the appeal will be heard by July 2000.

### Methodology

The measure is tabulated by Divisional Services from data compiled by the MGB. The measure included in the restated business plan is the number of successful appeals, yet the target is one per cent of the equalized assessment base successfully appealed. For management information, both the number of successful appeals and the percentage of the equalized assessment base the appeals represent are reported. This is done to provide scope to the measure. A reported percentage of the equalized assessment base would not indicate how many municipalities were successful in appeal (the extent). Similarly, a report of how many municipalities were successful would not indicate the resulting change in the assessment base (the impact).

The calculation for the percentage change of the equalized assessment base is calculated by dividing the equalized assessment base determined before appeal into the recalculated equalized assessment base after appeal. The number of successful appeals is calculated from a count of successful Year 2000 equalized assessment appeals to the MGB.

## Performance Measure

### Client satisfaction survey on appropriateness, adequacy, timeliness, and quality of services provided by Municipal Affairs (Local Government Services Division)

#### Relevance of Measure to Goal

The performance measure draws on client satisfaction scores from the Municipal Services Branch and the Assessment Services Branch of the Local Government Services Division.

The survey questioned Assessment Services stakeholders as to their satisfaction with the quality of regulated assessments, the fairness of equalized assessments, the quality of assistance and advice with respect to municipal assessment, and the quality of advice and interpretation with respect to legislation and regulations. The Municipal Services portion of the survey asked questions about the quality of advice and assistance with respect to council and administrative practices, financial management, comparative financial data, legislation and regulations, and fairness of negotiation with respect to valuation of Crown properties.

#### Targets

1999-2000: Target – 85 per cent
Actual – 73.6 per cent

1998-1999: Target – 90 per cent
Actual – 75 per cent

#### Data Source

This measure was based on a comprehensive and specific telephone survey conducted by a private sector firm, which surveyed all municipalities. The survey measured client satisfaction with the Municipal Services Branch's quality of advice and assistance; the Linear Property Assessment Unit's quality of advice, assistance and assessments; and the Assessment Standards Unit's quality of advice, assistance and assessments. Chief administrative officers (CAOs), chief elected officials (CEOs) and municipal assessors were surveyed.

Our clients are any municipal officials or employees who use the department's services. The standard questionnaire was designed with specific questions targeted to four categories of municipalities: urban over 10,000 in population, urban under 10,000, rural over 10,000 and rural under 10,000. Each section of the questionnaire identifies the type of municipality to which the question should be directed and further identifies to which of the three possible clients each question should be directed. Who is surveyed depends on the question asked. Some of the survey questions poll both the CEO and CAO, or CAO and assessor of a municipality. Their responses are given equal weight in the final calculation of the overall satisfaction.

The survey questions asked respondents about their levels of satisfaction with different units of Alberta Municipal Affairs. The satisfaction scale used is a four point anchored satisfaction scale ("not at all satisfied," "not very satisfied," "fairly satisfied," "very satisfied" and "don't know" or "no answer"). The anchored questions are grouped in series related to the business of the unit and municipality size followed by an open-ended comment question.

### Methodology

All municipalities were contacted at least five times in an effort to obtain their responses.

A private sector research firm using a Computer Assisted Telephone Interviewing (CATI) system known as DASH executed the survey. DASH is an industry standard CATI system. The analysis of the data was conducted in a statistical analysis program. The data is saved in electronic form by the private sector firm.

Each survey question result is tabulated by respondent (CEO, CAO or assessor) and by municipality type. The data is summarized for each question. The unweighted satisfaction scores of all the questions are tallied against the total number surveyed to determine the overall satisfaction. Any response of "fairly satisfied" or "very satisfied" is counted as a satisfied response for the performance measure.

The survey had a 66 per cent response rate. In total, 469 out of a possible 709 individuals from the 360 municipalities were surveyed. Of those who responded, 183 were CEOs, 234 were CAOs and 52 were assessors. Due to the timing of the survey, some individuals were not available to answer questions; others randomly refused to answer the questions. Using the finite correction factor, the margin of error of the three different segments of CEO, CAO and assessor groups has been calculated, as outlined in the following table, based on a 95 per cent confidence level:

| | **Sample Provided to Research Firm** | **Completed Surveys** | **Margin of Error (19 times out of 20)** |
|---|---|---|---|
| CAOs | 296 | 234 | ±2.94% |
| CEOs | 339 | 183 | ±4.92% |
| Assessors | 74 | 52 | ±7.46% |
| Total Client Population | 709 | 469 | |

This year, the survey was conducted between January 26 and February 1, 2000. The research firm was contracted to design and execute the 1998-1999 survey, and was contracted again to conduct the 1999-2000 survey. (Prior to the 1998-1999 research, the survey was conducted as a mail survey.) Telephone surveying methodology reduces the non-response bias that is common in mail-out surveys. However, since the methodology changed in 1998, comparability of the data collected prior to 1998-1999 is limited, and any comparisons between years prior to 1998-1999 must be made cautiously.

The 1999-2000 survey is directly and statistically comparable to the 1998-1999 survey, as both have been completed by telephone. Also, prior to 1998-1999, the "don't know" or "no answer" respondents were removed from the analysis, which may have inflated the satisfaction scores reported.

## Goal 2: Provide leadership that ensures the provincial property tax and policy system is responsive and accountable

### Performance Measure

**Client satisfaction with the accuracy, adequacy and appropriateness of services provided regarding education tax requisitioning**

#### Relevance of Measure to Goal

The Education Tax Unit is the group that deals with Albertans regarding education tax issues. If clients are satisfied with the service provided by the unit, then this can be interpreted to mean that the unit is responsive and accountable.

#### Targets

1999-2000: Target – 79 per cent
Actual – 79 per cent

1998-1999: Target – n/a
Actual – n/a

#### Data Source

Client satisfaction with services provided by the Education Tax Unit is determined using a question of overall satisfaction with the unit's services contained on the client satisfaction survey. This survey was administered to municipal chief elected officials (CEO), chief administrative officers (CAO), municipal associations and provincial government departments.

#### Methodology

Those surveyed were identified by the Education Tax Unit as stakeholders. The stakeholder list included all municipal CEOs and CAOs, as well as representatives from the Alberta Association of Municipal Districts and Counties, the Alberta Urban Municipalities

Association, Alberta Treasury, and Alberta Learning. The Divisional Services Unit of Local Government Services administered the survey. In total, 724 stakeholders were selected and sent surveys by fax. Alberta Municipal Affairs tracked and logged the responses on the database. The number of responses received determines the level of confidence of the survey. Of the 724 surveys sent out, 120 surveys were sent back.

Mail surveys typically have a low response rate. There are a number of factors that could have influenced the response rate. These include recent changes in CEOs and CAOs creating unfamiliarity with Alberta Municipal Affairs, lack of municipal use of the service, time of year (January), as well as the general trend of non-response found in mail surveys.

## Goal 3: Provide effective leadership and support to encourage municipalities to meet Albertans' expectations of local government

### Performance Measure

**Percentage of satisfied users of dispute resolution service**

#### Relevance of Measure to Goal

This performance measure was determined through a satisfaction survey of Alberta Municipal Affairs stakeholders who used the dispute resolution service during the 1999-2000 fiscal year. The measure recognizes the dispute resolution process as a means of providing effective leadership and support in helping municipalities resolve their differences. By providing an effective tool, we are helping municipalities to satisfy Albertans' expectations of local government.

#### Targets

1999-2000: Target – 80 per cent
Actual – 100 per cent

1998-1999: Target – n/a
Actual – n/a

1997-1998: Target – n/a
Actual – n/a

#### Data Source

The survey was sent to the chief elected official (CEO) and the chief administrative officer (CAO) of each municipality involved in dispute resolution service activity, as indicated on the stakeholder list.

There is one question in the survey regarding overall satisfaction with the dispute resolution process. This is the response used to compile the actual results for our measure. Eighteen municipalities used the program, representing nine disputes. Thirty-six surveys were sent out; seven were returned.

### Methodology

The central contact point for the program is the Planning and Coordination Unit of Alberta Municipal Affairs, with most contacts being received by the Coordinator of Mediation. Use of the dispute resolution program by a municipality is voluntary. The Divisional Services Unit of Local Government Services sent out the surveys using the dispute resolution service stakeholder list and collected and tabulated the results in an Excel database. Responses from both the CEO and the CAO of a municipality are counted equally.

The result was calculated by expressing the number of satisfied respondents as a percentage of the total number of respondents, for example 7/7. The population was composed of the municipal officials. Of 17 known municipal disputes, nine engaged the dispute resolution service. Inquiries were received from the other eight municipalities. Section 690 of the *Municipal Government Act* requires that municipalities appealing certain matters to the Municipal Government Board provide a declaration before appealing to the Municipal Government Board stating why mediation was not possible, was not successful, or is ongoing.

## Performance Measure

### Percentage of eligible municipalities participating in the grant programs

### Relevance of Measure to Goal

This measure is based on the assumption that by providing funding assistance for targeted initiatives or projects, the provincial government will assist municipalities in achieving their goals in meeting the needs of Albertans. Alberta Municipal Affairs introduced the Municipal 2000 Sponsorship Program in 1998 to promote innovation, cooperation, and excellence in local government.

Currently, there is only one grant program offered by the Ministry that requires municipalities to apply — the Municipal 2000 Sponsorship Program. Many municipalities are familiar with this program: in 1998 (Year One), 258 applications were received, representing 268 of the 305 eligible municipalities. In 1999 (Year Two), 283 applications were received, representing 289 of the 307 eligible municipalities.

A municipality must satisfy the program criteria to be eligible to participate in the program. The program criteria are contained in the Municipal 2000 Sponsorship Program Guidelines. The general eligibility requirements for the grant allow for any city, town, village, specialized municipality, municipal district, improvement district, special area, or Métis settlement with a population of 20,000 or less to apply for a grant. The program excludes summer villages and municipalities with populations over 20,000.

#### Targets

1999-2000: Target – 90 per cent
Actual – 94.1 per cent

1998-1999: Target – n/a
Actual – 88 per cent

#### Data Source

The number of eligible municipalities for Year Two was determined from the official 1998 population list. If a municipality existed at the beginning of the program start, but dissolved during the review period, it was still considered eligible, but an explanatory footnote was made on the status report. All eligible municipalities are provided with the complete grant application package at the launch of each year's program.

Information on the number of participants is contained in the Municipal 2000 Sponsorship Program database. Applications received are entered on this Access database, which is stored on the Municipal Services secured network.

#### Methodology

The calculation of the ratio used for the performance measure is done at year-end. The participation rate percentage is calculated from the applications received from eligible municipalities divided by the number of eligible municipalities as determined under the guidelines.

### Performance Measure

**Survey of Albertans' level of public confidence with local governments**

#### Relevance of Measure to Goal

If Albertans have confidence in their local governments, it is reasonable to assume that their expectations and needs are being met. Given the role and relationship of Alberta Municipal Affairs to the local government sector, we believe local government's ability to instill confidence in Albertans can be attributed in part to the leadership and support provided by Alberta Municipal Affairs.

#### Targets

1999-2000: Target – 75 per cent
Actual – 78.7 per cent

1998-1999: Target – n/a
Actual – 83.6 per cent

#### Data Source

Actuals for 1999-2000 were compiled in March 2000. The data was drawn from an omnibus survey conducted by a private sector research firm that designed the survey in conjunction with Alberta Municipal

Affairs. The sampling method was designed to complete 1,000 interviews within households randomly selected across the province of Alberta. The sample was weighted in proportion to the population of 11 urban centres and three rural regions within the province based on information from the Statistics Canada 1996 Census Data. From within each multi-person household contacted, respondents 18 years of age and older were screened for random selection using the "most recent birthday" method. This technique produces results that are as valid and effective as enumerating all persons within a household and selecting one randomly.

#### Methodology

The survey was conducted by telephone from March 13 to March 26, 2000. A minimum of five calls were made to a household before classifying it as a "no answer."

The performance measure is based upon the result of an overall satisfaction question: "Overall, how satisfied are you with your municipal government?"

## Goal 4: Provide effective leadership and processes to enhance the ability of municipalities to meet the needs of Albertans

### Performance Measure

**Survey of stakeholders' satisfaction with the consultation process for changes to legislation and regulations**

#### Relevance of Measure to Goal

The department is responsible for providing leadership and an effective legislative and policy framework to support and promote well-managed local government. A strong indicator of whether the department is doing a good job in this area is if its stakeholders are satisfied that they are being consulted and that their views are considered.

This performance measure reports the results of a satisfaction survey of Legislative Projects Unit stakeholders. By surveying stakeholders to assess their expectations and satisfaction levels, the division obtains the information needed to assist in decision-making and strategic planning. The measure cues on the three overall satisfaction questions in the survey related to consultation, stakeholder access to the unit, and communications.

The survey relates to stakeholder expectations of the service provided. Stakeholder expectations identify in operational terms what stakeholders want or need in order to be fully satisfied. By surveying the level of satisfaction (gauged against expectations), we can determine if we are being effective. While satisfaction and importance indicate which services need to be fixed, expectations tell us what "fixed" means to the client. Qualifying comments in the survey help us understand why the stakeholder gave us a particular rating. If the department is not meeting stakeholder expectations, the survey will provide the information to guide us in taking further action.

### Targets

1999-2000: Target – 80 per cent
Actual – 80 per cent

1998-1999: Target – n/a
Actual – n/a

### Data Source

This survey instrument was designed based on the Common Management Tool developed by the Canadian Centre for Management Development. This tool is being used by 16 federal government departments, three provinces and some municipalities.

The majority of questions in the survey are quantitative in nature. Open-ended commentary sections have also been included in each individual service dimension section as well as at the end of the survey. The questions are simple and short. The survey has provided a commentary segment in each individual section to ensure that the respondents have the opportunity to qualify or elaborate on the more focused quantitative questions.

The survey format can assess the various service elements (satisfaction, importance) against service-specific items using a five-point scale. The concept behind this format is that as the respondent considers a specific item, for example, "courteousness of staff," he or she can assess satisfaction and importance at the same time. Service-specific questions come before broader service questions.

### Methodology

The stakeholders surveyed were drawn from stakeholder contact lists maintained by the Legislative Projects Unit. The survey respondents were selected from a stakeholder list and reviewed to ensure that each stakeholder would receive only one survey. Once duplicates were removed, the stakeholder list contained 643 stakeholders. The sample size was determined based on a 95 per cent confidence level, taking into account estimated non-response rates. Consequently, surveys were sent to all stakeholders contacted by the Legislative Projects Unit from April 1, 1999 to December 15, 1999, regarding the *Local Authorities Election Act* and the *Municipal Government Act.*

The survey has three main sections: the Legislative Projects Unit consultation services, access to the Legislative Projects Unit, and communications. Each section has an overall satisfaction question. This measure is calculated by combining the responses to the three overall satisfaction questions, with all questions assigned equal weight.

To assure that a sufficient number of surveys were returned, a letter was sent prior to the mailing of the survey. Two follow-up letters requesting the return of the survey were also sent out. The first follow-up letter was sent out two weeks after the survey was distributed, and the second follow-up letter was sent out four weeks after the initial sending of the survey. It was expected that there would be a high level of non-response and survey sample size was increased for that reason.

## ❖ Information Management and Privacy

### Goal 1: Fair and effective access to information and protection of privacy

### Performance Measure

**The percentage of FOIP requests completed by government public bodies in 60 days or less**

#### Relevance of Measure to Goal

This measure provides evidence that government public bodies are complying with the access provisions of the *Freedom of Information and Protection of Privacy Act* (FOIP). The measure also affirms effective access to information.

#### Targets

The FOIP Act stipulates that a public body must make every reasonable effort to respond to a request within 30 days. The Act also provides for time limit extensions and requires consultation with third parties in specific circumstances.

| Year | | Total requests | Completed in 60 days | Percentage |
|---|---|---|---|---|
| 1999-2000 | Target | n/a | n/a | 92 |
| | Actual | 1921 | 1828 | 95 |
| 1998-1999 | Actual | 1526 | 1396 | 91 |
| 1997-1998 | Actual | 1222 | 1101 | 90 |
| 1996-1997 | Actual | 1209 | 1117 | 92 |

A government public body cannot always meet the performance measure for completing a request in 60 days or less. There are sections in the FOIP Act that prohibit a public body from completing a request within that time frame under certain circumstances. For example, requests that require third party consultation may often exceed 60 days because the public body must comply with the notice and review provisions specified in Section 30 of the FOIP Act.

### Data Source

Each public body, including government departments, Executive Council, the Legislative Assembly Office, the Office of the Auditor General, the Ombudsman, the Chief Electoral Officer, the Ethics Commissioner, the Information and Privacy Commissioner and agencies, boards, and commissions designated in the FOIP Regulation, is required to submit a quarterly statistical report to Information Management and Privacy. A total of 68 public bodies reported as of March 31, 2000.

Public bodies track FOIP requests manually, or use the FOIP Request Tracking System (RTS).

Forty-four of the 68 public bodies use the system to track and report FOIP request statistics. These 44 public bodies receive nearly 97 per cent of all FOIP requests received by government public bodies. The FOIP Request Tracking System was redeveloped in 1999 and installations began in October. Historical data was imported and converted from the original system. Each quarter, government public bodies generate and submit the Information Management and Privacy Branch Statistical Report.

The remaining 24 government public bodies track FOIP requests manually or use spreadsheets they created to track FOIP requests. Each FOIP Coordinator is provided with a statistical form and instructions for completing the statistical report. Reports are completed manually and submitted to the branch.

### Methodology

Block 5 of the Instructions for Completing the Requests Statistics Form (March 2000) relates to completion time. This section of the form covers the number of calendar days taken to process the FOIP request. It normally includes the basic 30 days allowed to process a request as well as any extensions. Public bodies report the number of requests completed within "30 days or under," "31 to 60 days," and "over 60 days." The first two categories are added together for this measure. Fiscal year data is derived by totalling quarterly data.

In 1999-2000, all public bodies completed the manual form. Some of the RTS users transcribed their information onto the form. (In 2000-2001, RTS users will use the form generated by the system.)

Quarterly statistical reports are verified when submitted. The verification process ensures that the reports balance and are consistent with the previous report submitted. Information Management and Privacy staff manually enter data into a database created in MS Access. Pivot tables and spreadsheets are used as tools to verify the accuracy of the data entry and to produce reports. The annual data is tabulated by summing the quarterly submissions and the reports generated are submitted to each of the government public bodies for verification.

The number of requests reported as being completed by all government public bodies in "30 days or under" and "31 to 60 days" are combined and reported against the total number of requests completed. The formula is:

$$\frac{(\#\text{ of requests completed in 30 days or less}) + (\#\text{ of requests completed in 31 – 60 days})}{\#\text{ of requests completed}}$$

The tracking system produces a Performance Measurement Report that is retained by the public body, and is intended to be available if statistical reports are audited. The Performance Measure Report creates a summary of all requests closed within a specified date range and indicates the number of days taken to process each request. The system calculates "Days Taken" from the "Action Code" entries on the "Action Items" screen. Certain fields must be completed before a request can be closed. The system's user guide states, "The Performance Measurement Report is not submitted to the Information Management and Privacy Branch (IMPB) itself but should be printed and retained by the public body each time an IMPB Statistical Report is submitted."

## Safety Services

### Goal 1: Provide a Safety Services System, through our partners, that is effective, accountable and affordable

### Performance Measure

**The percentage of assessed organizations administering the *Safety Codes Act* that achieve a satisfactory performance rating, as defined by the monitoring program**

#### Relevance of Measure to Goal

Safety Services is developing a partnership of municipalities and organizations trained and accredited to administer the *Safety Codes Act*. This measure promotes continuous improvement of the effectiveness and uniformity of services delivered by accredited corporations, accredited municipalities, accredited agencies and delegated administrative organizations (DAOs).

Accredited municipalities deliver construction permit and safety inspection services within their municipal jurisdictions. Services may be delivered by the accredited municipality directly or through contracts with accredited agencies. Accredited agencies deliver construction permit and safety inspection services under contract with Alberta Municipal Affairs in non-accredited municipalities. They may also contract to deliver services on behalf of accredited municipalities or accredited corporations.

Four DAOs administer the *Safety Codes Act* and regulations province-wide within the bounds of their delegated authority: Alberta Boilers Safety Association, Alberta Elevating Devices and Amusement Ride Safety Association, Alberta Propane Vehicles Administrative Organization, and Petroleum Tank Management Association of Alberta.

Accredited corporations are responsible for safety codes compliance inspections within their corporate boundaries. They employ safety codes officers or contract with accredited agencies to perform inspections.

The department has developed and implemented quality management plans that specify performance requirements and monitoring procedures to determine compliance with the requirements. Accredited agencies are monitored/assessed on a quarterly basis while DAOs are audited on an annual basis.

### Targets

The department system for monitoring and assessing the administration of the Act by accredited organizations was developed and a baseline was established in 1998-99.

| | |
|---|---|
| 1999-2000: | Target – 90 per cent |
| | Actual – 92 per cent |
| 1998-1999: | Target – n/a |
| | Actual – 77 per cent |

The target for this measure will increase over the next few years to 95 per cent in 2002-2003.

### Data Source

The two Safety Services regional services managers are responsible for ensuring all organizations are assessed on a revolving basis. A minimum of 80 per cent of accredited municipalities and accredited corporations are monitored/assessed annually. Accredited municipalities and corporations are selected for assessment based upon their past performance (lower levels of achievement being the highest priority), the likelihood of the organization having difficulty complying with requirements due to such things as staff turnover or low volumes of activity, and requirements for follow-up on improvement efforts stemming from previous assessments and mentoring. Any organization at 70 per cent or less is assessed every year.

All authorized accredited agencies under contract with the department are assessed quarterly and all DAOs are assessed annually. Accredited agencies under contract with municipalities and corporations are further assessed indirectly through the assessments of these organizations. Specific checklist items address agency issues with these organizations.

Accredited organizations are assessed using a standard checklist designed for each type of organization. Checklists are completed manually in the field and entered into an electronic database in the northern and southern offices of Alberta Municipal Affairs. Completed checklists are retained and filed with the operator performing the data entry, except for authorized accredited agencies, which are forwarded to the Alberta Municipal Affairs accredited agency program coordinator for filing and retention.

### Methodology

Data gathered using the standard checklists is entered manually into linked replicas of Access 97 databases for each of the types of organizations. A separate checklist is completed for each discipline area in which the organization is accredited. Due to the small number of DAOs (four), all their assessments are processed manually. Data entered into the replicas is transferred electronically from the remote offices to a central design master, managed and controlled by the Quality and Program Coordinator.

Performance results are compiled and computed using structured queries and algorithms within the databases. Exception monitoring of results is performed monthly to detect and correct inaccuracies arising from blank fields and question responses which do not adhere to the logic of the question structure. One hundred per cent of data on authorized accredited agencies and a sample of data from the other organizations are audited for data entry accuracy. Errors detected during these audits are corrected. Error rates are not formally tracked at this time but are low based on anecdotal data.

The performance measure is computed by calculating a score for each completed checklist based on the percentage of satisfactory responses to checklist questions. The checklist scores for each organization are then averaged to produce an overall score for the organization. The percentage of overall scores that meet or exceed the minimum standard is computed for each type of organization. This percentage of satisfactory performance for each type of organization is then weighted according to the number of organizations assessed and combined with that of the other organizations to produce the key performance statistic.

## ❖ Disaster Services

### Goal 1: Supporting responses to major disasters and emergencies

### Performance Measure

**Percentage of claims where a damage assessor arrives on site and begins processing the claim within 30 days of receipt**

**Relevance of Measure to Goal**

By measuring the percentage of eligible claims where a damage assessor (evaluator) arrives on site within 30 days of receipt of the application, the branch can gauge success in achieving this goal.

When a widespread disaster occurs, the branch starts with an initial assessment. Staff advise the Minister on the potential for a disaster recovery program, its recommended geographical boundaries and proposed exclusions and limitations to compensation. Private sector program deliverers are alerted to the possibility of a program requiring their services.

Disaster Services employees prepare to receive applications and work with Communications to prepare public information packages. On approval of the Minister, program delivery personnel establish an office in the affected area and provide public notice of program approval and guidelines/venues for application.

Evaluators receive applications and assign priority to those in greatest need. In many cases, evaluators will be on scene the next day. Regardless of caseload, the target is to be on scene within 30 days of receipt of all applications.

**Targets**

1999-2000: Target – 100 per cent
Actual – 100 per cent

1998-1999: Target – 100 per cent
Actual – n/a*

1997-1998: Target – 100 per cent
Actual – 100 per cent

1996-1997: Target – n/a
Actual – 99.7 per cent

*As there were no disasters warranting the implementation of a disaster recovery program in 1998-99, there is no data to report on the measure for that year.

### Data Source

The Disaster Recovery Database has been in use since July 1995. It tracks all applications received and activities related to the processing of each application made under a disaster recovery program. The database is a Microsoft Access application managed under contract by a private sector program administrator. The database can be queried at any time for status reports after commencement of a program.

### Methodology

The query feature of Microsoft Access is used to identify the number and percentage of eligible disaster applications where the evaluator arrives on site within 30 days of receipt of applications by Disaster Services. This is a fixed query stored for re-use as required. It would only be modified if performance measure criteria were changed.

Eligible applications are those that fall within the Program Approval Document authorized by the Minister. For example, an application for a property that is outside the approved program boundaries would be deemed ineligible, as would an application for a property that is not the principal residence of the applicant.

The number of applications is identified in the separate databases established for each widespread disaster recovery program.

The database records all dates pertinent to the administration of the program and can be queried at any time. Query results are produced in printed form. The calculation of percentages for this performance measure is done as part of the application's response to the query. As the figures indicate, the calculation is a simple one in determining the 100 per cent figure.

## Financial Results

On the Statement of Operations (page 72 of the annual report), the 1999-2000 net operating results of $113.057 million are $6.251 million (5.2 per cent) under the $119.308 million budget. The 1999-2000 net operating results of $113.057 million have decreased by $11.309 million (9.1 per cent) from the $124.366 million 1998-1999 actuals. The net operating results form part of the net assets on the Statement of Financial Position (page 74 of the annual report). Also the net operating results are brought forward to the Statement of Changes in Financial Position (page 73 of the annual report) in determining the cash position at the end of the year for the Ministry.

Below is a discussion and analysis on the components of the Statement of Operations which helps explain the changes in the net operating results.

On the Statement of Operations (page 72 of the annual report), the 1999-2000 revenues of $20.206 million are $7.663 million (61.1 per cent) over the $12.543 million budget. Page 82 of the annual report on Schedule 1 provides a further breakdown on these revenues. The increase in the transfers from the Government of Canada reflects the recovery of claims paid under the disaster assistance program. The increase in Other Revenue largely relates to an increase in the refunds of expenditure due to an over accrual in 1998-1999 grant expenses.

The 1999-2000 revenues of $20.206 million have increased by $6.711 million (49.7 per cent) over the 1998-1999 revenues of $13.495 million for the same reasons cited in the above paragraph.

On the Statement of Operations (page 72 of the annual report), the 1999-2000 voted actual expenses of $132.922 million have increased by $1.071 million (0.8 per cent) over the $131.851 million budget. However, the budget does not include the $9.432 million in supplementary estimates that were approved on December 9, 1999 and March 14, 2000 (see Schedule 4 to the financial statements on page 85 of the annual report). When these are taken into consideration, the 1999-2000 authorized budget becomes $141.283 million. This means that the 1999-2000 expenses of $132.922 million are under the authorized budget by $8.361 million (5.9 per cent).

**Ministry Support Services** — The 1999-2000 actual expenses of $7.343 million are $156,000 (2.2 per cent) over the $7.187 million budget. However, a supplementary estimate for the achievement awards bonuses of $282,000 was approved on March 14, 2000, more than offsetting this $156,000 in over-expenditures. Page 86 of the annual report on Schedule 5 provides further details. The 1999-2000 Ministry Support Services actual expenses of $7.343 million have increased by $42,000 (0.6 per cent) over the $7.301 million 1998-1999 actuals. Retroactive pay adjustments are generally the contributing factor to this increase.

**Municipal Programs** — The 1999-2000 actual expenses of $105.063 million are $8.901 million (7.8 per cent) under the $113.964 million budget. Page 86 of the annual report on Schedule 5 provides further details, under Municipal Programs, on the $8.901 million in under-expenditures (after deducting the capital investment variance of $152,000). The 1999-2000 actual program expenses of $105.063 million have decreased by $12.3 million (10.5 per cent) from the 1998-1999 actual program expenses of $117.363 million. For an explanation of these variances, refer to the results analysis under the core business Local Government Services.

**Municipal Government Board** — The 1999-2000 actual expenses of $2.116 million are $247,000 (13.2 per cent) over the $1.869 million budget. The over-expenditures were due to the spending pressures associated with the time required of board members, costs for hearing, deciding appeals and training of members. However, the Municipal Government Board's 1999-2000 actual expenses of $2.116 million have decreased by $6,000 (0.3 per cent) from the $2.122 million 1998-1999 actuals.

**Safety Services** — The 1999-2000 actual program expenses of $6.014 million are $689,000 (12.9 per cent) over the $5.325 million budget. Page 86 of the annual report on Schedule 5 provides further details, under Safety Services, on the $689,000 in over-expenditures. The 1999-2000 actual program expenses of $6.014 million have increased by $1.024 million (20.5 per cent) over the 1998-1999 actual program expenses of $4.99 million. For an explanation of these variances, refer to the results analysis under the core business Safety Services.

**Freedom of Information and Protection of Privacy** — The 1999-2000 actual program expenses of $983,000 are $33,000 (3.5 per cent) over the $950,000 budget. The 1999-2000 actual program expenses of $983,000 are $113,000 (13 per cent) over the 1998-1999 actual program expenses of $870,000. For an explanation of these variances, refer to the results analysis under the core business Information Management and Privacy.

**Disaster Services** — The 1999-2000 actual program expenses of $11.403 million are $8.847 million (346.1 per cent) over the $2.556 million budget. Page 86 of the annual report on Schedule 5 provides further details. The 1999-2000 actual program expenses of $11.403 million have increased by $7.396 million (184.6 per cent) over the 1998-1999 actual program expenses of $4.007 million. For an explanation of these variances, refer to the results analysis under the core business Disaster Services.

The valuation adjustments on the Statement of Operations (page 72 of the annual report) include the provision for bad debts for accounts receivable where repayment is considered doubtful. The accounts receivable reported on the Statement of Financial Position (page 74 of the annual report) largely relates to amounts due from the Government of Canada under the Disaster Recovery Program. The provision for vacation pay relates to the year-to-year change in the value of the related liability which is calculated as being the vacation entitlement of all Ministry employees as at the year end, times each employee's hourly rate of pay. This liability is reported on the Statement of Financial Position (page 74 of the annual report) and forms part the accounts payable and accrued liabilities.

The loss on the disposal of capital assets on the Statement of Operations (page 72 of the annual report) in 1999-2000 of $69,000 relates to the disposal of obsolete capital assets and represents the net book value of those assets.

# Financial Information

## Ministry of Municipal Affairs Financial Statements March 31, 2000

Auditor's Report
Statement of Operations
Statement of Changes in Financial Position
Statement of Financial Position
Notes to the Financial Statements
Schedule of Revenues
Schedule of Dedicated Revenue Initiatives
Schedule of Expense Detailed by Object
Schedule of Budget
Schedule of Comparison of Expenses by Element to Authorized Budget
Schedule of Salary and Benefits
Schedule of Related Party Transactions

AUDITOR
GENERAL
*Alberta*

## AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the statement of financial position of the Ministry of Municipal Affairs as at March 31, 2000 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Ministry of Municipal Affairs is required to follow the corporate government accounting policies and reporting practices as disclosed in Note 2. These accounting policies have been established by Alberta Treasury and are consistent across ministries. With certain exceptions, the basis of accounting is in accordance with generally accepted accounting principles. My reservation of opinion in this auditor's report identifies the exceptions from generally accepted accounting principles that arise from following the accounting policies established by Alberta Treasury.

The following accounting policies are exceptions from generally accepted accounting principles:

### Reporting Entity

Generally accepted accounting principles require the consolidation of organizations that together constitute a single economic unit. In the public sector, consolidated financial statements should aggregate the financial statements of organizations comprising a reporting entity. A reporting entity is defined as comprising the organizations that are accountable for the administration of their financial affairs and resources to a minister, and are owned or controlled by the government.

These financial statements contain only the results of operations and net assets of the Department of Municipal Affairs. In my view, the Ministry's delegated administrative organizations (DAOs) and the Safety Codes Council should be included in these financial statements. These organizations require the Minister's approval of revenue-raising, expenditure and resource allocation policies related to their functions.

Safety services administration is the responsibility of the government. Therefore, consolidation of the DAOs and the Safety Codes Council with the Department of Municipal Affairs would provide a complete overview of the full nature and extent of the financial affairs and resources for which the Minister is accountable.

Had the Safety Codes Council and the DAOs been included in the Ministry's statements, then revenues, expenses, assets, liabilities and net assets would have increased by approximately:

| | Revenues | Expenses | Assets | Liabilities | Net Assets |
|---|---|---|---|---|---|
| | (thousands of dollars) | | | | |
| Safety Codes Council | $ 1,396 | $ 1,226 | $ 2,611 | $ 165 | $ 2,446 |
| DAOs | 9,869 | 9,094 | 8,860 | 2,408 | 6,452 |
| | $ 11,265 | $ 10,320 | $ 11,471 | $ 2,573 | $ 8,898 |

Capital assets

The Ministry employs a policy of expensing capital asset purchases under $15,000 in the year of acquisition. Consequently a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2000, assets and net assets have been understated by approximately $864,000 representing the unconsumed cost of capital assets at that date.

If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included as expenses of the current year. The value of capital asset purchases that were expensed in the current year is less than the amount that would have been recorded as amortization expense, understating expenses for the year ended March 31, 2000 by $453,000.

Excluded direct costs

Accommodation and certain other administration costs incurred in the operation of the Ministry have not been included in expenses. These costs, estimated at $4,705,000, are recorded by the departments that paid the expenses on behalf of the Ministry of Municipal Affairs.

In my opinion, except for the effects of the matters discussed in the preceding sections, these financial statements present fairly, in all material respects, the financial position of the Ministry at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine
FCA
Auditor General

Edmonton, Alberta
May 24, 2000

# MINISTRY OF MUNICIPAL AFFAIRS
## STATEMENT OF OPERATIONS
For the year ended March 31, 2000
( thousands of dollars )

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget (Schedule 4) | Actual | Actual |
| Revenues (Schedules 1 and 2) | | | |
| Internal Government Transfers | $ 10,000 | $ 10,000 | $ 10,000 |
| Transfers from Government of Canada | 769 | 3,288 | 897 |
| Premiums, fees, and licences | 469 | 730 | 799 |
| Other revenue | 1,305 | 6,188 | 1,799 |
| | 12,543 | 20,206 | 13,495 |
| Expenses | | | |
| Voted (Schedules 2, 3 and 5) | | | |
| Ministry Support Services | 7,187 | 7,343 | 7,301 |
| Municipal Programs | 113,964 | 105,063 | 117,363 |
| Municipal Government Board | 1,869 | 2,116 | 2,122 |
| Safety Services | 5,325 | 6,014 | 4,990 |
| Freedom of Information and Protection of Privacy | 950 | 983 | 870 |
| Disaster Services | 2,556 | 11,403 | 4,007 |
| | 131,851 | 132,922 | 136,653 |
| Valuation adjustments | | | |
| Provison for bad debts | - | - | 5 |
| Provision for vacation pay | - | 272 | 263 |
| | - | 272 | 268 |
| Total Expenses | 131,851 | 133,194 | 136,921 |
| Loss on disposal of capital assets | - | 69 | 940 |
| Net operating results | $ (119,308) | $ (113,057) | $ (124,366) |

The accompanying notes and schedules are part of these financial statements.

## MINISTRY OF MUNICIPAL AFFAIRS
## STATEMENT OF CHANGES IN FINANCIAL POSITION
For the year ended March 31, 2000
( thousands of dollars )

| | 2000 Actual | 1999 Actual |
|---|---|---|
| Operating transactions: | | |
| Net operating results | $ (113,057) | $ (124,366) |
| Non-cash charges | | |
| Amortization | 611 | 396 |
| Loss on disposal of capital assets | 69 | 940 |
| Valuation adjustments | 272 | 268 |
| | (112,105) | (122,762) |
| (Increase) decrease in accounts receivable | (4,245) | 18,950 |
| Increase in loans and advances | (1) | (8) |
| Decrease in accounts payable and accrued liabilities | (5,871) | (8,512) |
| Cash used for operating transactions | (122,222) | (112,332) |
| Investing transactions: | | |
| Purchases of capital assets (Schedule 5) | (141) | (1,104) |
| Transfer of capital assets from Government Services | (451) | - |
| Cash used for investing transactions | (592) | (1,104) |
| Financing transactions: | | |
| Net transfer from general revenues | 122,985 | 113,317 |
| Net cash provided (used) | 171 | (119) |
| Cash at beginning of year | 371 | 490 |
| Cash at end of year | $ 542 | $ 371 |

The accompanying notes and schedules are part of these financial statements.

## MINISTRY OF MUNICIPAL AFFAIRS
## STATEMENT OF FINANCIAL POSITION
As at March 31, 2000
( thousands of dollars )

| | 2000 | 1999 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 542 | $ 371 |
| Accounts receivable (Note 4) | 32,209 | 27,964 |
| Loans and advances | 41 | 40 |
| Capital assets (Note 6) | 2,002 | 2,090 |
| | $ 34,794 | $ 30,465 |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | $ 10,584 | $ 16,183 |
| **NET ASSETS** | | |
| Net assets at beginning of year, as restated (Note 3) | 14,282 | 25,331 |
| Net operating results | (113,057) | (124,366) |
| Net transfer from general revenues | 122,985 | 113,317 |
| Net assets at end of year | 24,210 | 14,282 |
| | $ 34,794 | $ 30,465 |

The accompanying notes and schedules are part of these financial statements.

# MINISTRY OF MUNICIPAL AFFAIRS

# NOTES TO THE FINANCIAL STATEMENTS

# MARCH 31, 2000

## Note 1 Authority and Purpose

The Ministry of Municipal Affairs operates under the authority of the *Government Organization Act, Statutes of Alberta.*

The Ministry helps ensure public confidence in local government; the provision of comprehensive safety systems; and services for disaster and emergency situations. The Ministry also supports open and accountable government and the protection of privacy for Albertans through the *Freedom of Information and Protection of Privacy Act.*

## Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

### (a) Reporting Entity

The reporting entity is the Ministry of Municipal Affair for which the Minister of Municipal Affairs is accountable. The Ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account the activities of which are not included in these financial statements except by way of note 9 to these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the results of the Ministry's operations for which the Minister is accountable.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Provincial Treasurer. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to/from General Revenues is the difference between all cash receipts and all cash disbursements made.

### (b) Basis of Financial Reporting

**Revenues**

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

**Dedicated Revenue**

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

**Expenses**

Expenses represent the cost of resources consumed during the year on the Ministry's operations. Expenses include amortization of capital assets.

Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

Certain expenses, primarily for office space, legal advice, and banking services, incurred on behalf of the Ministry by other Ministries are not reflected in the Statement of Operations. Schedule 7 discloses information on these related party transactions.

## Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

### (b) Basis of Financial Reporting (continued)

#### Valuation Adjustments

Valuation adjustments include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

#### Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and are amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000.

#### Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

#### Net Assets/Liabilities

Net assets/net liabilities represents the difference between the value of assets held by the Ministry and its liabilities.

## Note 3 Reorganization

The Ministry of Municipal Affairs was reorganized as a result of a major reorganization announced by the government on May 25, 1999 and transfers of responsibility announced throughout the year.

The Ministry's responsibilities for Consumer Services, and Registries Information and Distribution became part of the newly established Ministry of Government Services. The Ministry's responsibility for Housing Services has now become part of the Ministry of Community Development.

The former Ministry of Labour's responsibility for the *Freedom of Information and Protection of Privacy Act*, and Safety Services has now become part of the Department of Municipal Affairs. The former Ministry of Transportation and Utilities responsibility for Disaster Services has now become part of the Ministry of Municipal Affairs.

The 1999 comparatives have been restated as if the Ministry had always been assigned its current responsibilities. The 1999 restated net assets can be shown as follows (thousands of dollars):

| | |
|---|---|
| Net liabilities, as previously reported at March 31, 1998 | $ (143,612) |
| **Transfer of net liabilities to:** | |
| Ministry of Government Services | 91,784 |
| Ministry of Community Development | 47,939 |
| **Transfer of net assets (net liabilities) from:** | |
| Ministry of Infrastructure<br>*(formerly Ministry of Transportation and Utililties)* | 29,258 |
| Ministry of Human Resources and Employment<br>*(formerly Ministry of Labour)* | (38) |
| Net assets, as restated at March 31, 1998 | $ 25,331 |

## Note 4 Accounts Receivable

(thousands of dollars)

| | Gross Amount | Allowance for Doubtful Accounts | 2000 Net Realizable Value | 1999 Net Realizable Value |
|---|---|---|---|---|
| Trade | $ 32,214 | $ (5) | $ 32,209 | $ 27,964 |

Accounts receivable are unsecured and non-interest bearing.

## Note 5 Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, advances, accounts payable and accrued liabilities and unearned revenues are estimated to approximate their book values.

## Note 6 Capital Assets

(thousands of dollars)

| | Estimated Useful Life | Cost | Accumulated Amortization | 2000 Net Book Value | 1999 Net Book Value |
|---|---|---|---|---|---|
| Equipment | 10 years | $ 187 | $ ( 62) | $ 125 | $ 144 |
| Computer Hardware and Software | 5 years | 3,756 | (1,879) | 1,877 | 1,946 |
| Total | | $ 3,943 | $ 1,941 | $2,002 | $ 2,090 |

### Note 7 Commitments

The Ministry has entered into contractual agreements with various parties with aggregate future commitments amounting to $8,399,000 (1999 - $11,557,400).

Commitments due are shown as follows:

| | |
|---|---|
| 2000-01 | $ 4,623,000 |
| 2001-02 | 3,443,000 |
| 2002-03 | 333,000 |
| | $ 8,399,000 |

### Note 8 Contingencies

At March 31, 2000, the Ministry is a defendant in three legal claims (1999 - thirteen legal claims) including one claim amounting to $362,700 in which the Ministry has been jointly named with other entities. All of these claims have specified amounts totalling $3,548,500 (1999 - eight claims with a specified amount of $3,931,300 and five claims with no specified amount). The Alberta Risk Management Fund covers all of these legal claims.

A May 2000 decision by the Court of Queen's Bench involving a $300.0 million representative action lawsuit, reported in the 1998-99 notes to the financial statements of the former Ministry of Labour, indicated that the lawsuit can't proceed as a representative action. However, the plaintiffs can submit claims to the court on an individual basis.

The resulting loss, if any, from these claims cannot be determined.

## Note 9 Trust Funds Under Administration

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the Ministry's net assets.

As at March 31, 2000, trust funds under administration were as follow:

| | 2000 | 1999 |
|---|---|---|
| | (thousands of dollars) | |
| Special Areas Trust Account[a] | $ 61,991 | $ 61,714 |
| Improvement Districts' Trust Account[a] | 9,130 | 9,620 |
| | $ 71,121 | $ 71,334 |

[a] Reported on a calendar year basis as at December 31, 1999 and 1998.

## Note 10 Pensions

The Ministry participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers established by the government effective July 1, 1999. The expense for these pension plans is equivalent to the annual contributions of $1,059,000 for the year ended March 31, 2000 (1999 - $960,100).

Effective January 1, 1999, the Ministry's contribution to the Public Service Pension Plan was reduced by .3% of pensionable salaries.

At December 31, 1999, the Management Employees Pension Plan reported a surplus of $46,019,000 (1998 - $4,355,000) and the Public Service Pension Plan reported a surplus of $ 517,020,000 (1998 - $406,445,000). At December 31, 1999, the Supplementary Retirement Plan for Public Service Managers had a surplus of $33,000.

## Note 11 Comparative Figures

Certain 1999 figures have been reclassified to conform to the 2000 presentation.

## Note 12 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

# MINISTRY OF MUNICIPAL AFFAIRS
## SCHEDULE OF REVENUES
For the year ended March 31, 2000
( thousands of dollars )

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Internal Government Transfers | | | |
| Transfer from the Lottery Fund | $ 10,000 | $ 10,000 | $ 10,000 |
| Transfer from the Government of Canada | | | |
| Disaster assistance programs | 189 | 2,885 | 447 |
| Other | 580 | 403 | 450 |
| | 769 | 3,288 | 897 |
| Premiums, fees and licences | 469 | 730 | 799 |
| Other Revenue | | | |
| Refunds of expenditure | 1,305 | 6,078 | 1,713 |
| Miscellaneous | - | 110 | 86 |
| | 1,305 | 6,188 | 1,799 |
| | $ 12,543 | $ 20,206 | $ 13,495 |

Schedule 2

## MINISTRY OF MUNICIPAL AFFAIRS
## SCHEDULE OF DEDICATED REVENUE INITIATIVES

For the year ended March 31, 2000

( thousands of dollars )

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget | Actual | Actual |
| Industrial Assessment Services | | | |
| Dedicated revenue | $ (1,285) | $ (1,178) | $ (1,119) |
| Expense | 1,048 | 1,198 | 1,054 |
| Net revenue | $ (237) | $ 20 | $ (65) |

The department prepares linear property and major plant assessments for municipalities throughout the province and recovers its costs from the municipalities.

Schedule 3

# MINISTRY OF MUNICIPAL AFFAIRS
# SCHEDULE OF EXPENSE DETAILED BY OBJECT

For the year ended March 31, 2000

( thousands of dollars )

| | 2000 | | 1999 |
|---|---|---|---|
| | Budget [(a)] | Actual | Actual |
| **Voted:** | | | |
| Salaries, wages and employee benefits | $ 20,485 | $ 19,507 | $ 18,120 |
| Supplies and services | 16,627 | 18,845 | 17,092 |
| Grants | 99,449 | 98,109 | 105,928 |
| Other | 59 | 49 | 55 |
| Amortization of capital assets | 608 | 611 | 396 |
| Total voted expenses before recoveries | 137,228 | 137,121 | 141,591 |
| Recovery from support service arrangements with the Ministry of Government Services [(b)] | (5,377) | (4,199) | (4,938) |
| | $ 131,851 | $ 132,922 | $ 136,653 |

(a) Effective April 1, 1999 the responsibilities of the Ministry was changed as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget has restated the 1999-2000 Municipal Affairs estimates, that were approved on April 29, 1999, for both the major reorganization and transfers of responsibility authorized during the year. The breakdown of expenses by object is based on management's best estimate.

(b) The Ministry provides financial and administrative services to the Ministry of Government Services. Costs incurred by the Ministry for these services are recovered from the Ministry of Government Services.

Schedule 4

## MINISTRY OF MUNICIPAL AFFAIRS
## BUDGET

For the year ended March 31, 2000
( thousands of dollars )

| | 1999-2000 Estimates Restated [a] | Authorized Supplementary [b] | 1999-2000 Authorized Budget |
|---|---|---|---|
| Revenues | | | |
| Transfer from Government of Canada | $ 769 | $ - | $ 769 |
| Internal Government Transfers | 10,000 | - | 10,000 |
| Premiums, fees, and licences | 469 | - | 469 |
| Other revenue | 1,305 | - | 1,305 |
| | 12,543 | - | 12,543 |
| Expenses | | | |
| Voted | | | |
| Departmental support services | 7,187 | 282 | 7,469 |
| Support for municipal programs | 113,964 | - | 113,964 |
| Municipal Government Board | 1,869 | - | 1,869 |
| Safety Services | 5,325 | - | 5,325 |
| Freedom of Information and Protection of Privacy | 950 | - | 950 |
| Disaster Services | 2,556 | 9,150 | 11,706 |
| | 131,851 | 9,432 | 141,283 |
| Net operating results | $ (119,308) | $ (9,432) | $ (128,740) |
| Capital investment | $ 275 | $ - | $ 275 |

(a) Effective April 1, 1999 the responsibilities of the Ministry was changed as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget has restated the 1999-2000 Municipal Affairs estimates, that were approved on April 29,1999, for both the major reorganization and transfers of responsibility authorized during the year.

(b) Supplementary Estimates were approved on December 9, 1999 and March 14, 2000.

Schedule 5

## MINISTRY OF MUNICIPAL AFFAIRS
## SCHEDULE OF COMPARISON OF EXPENSES BY ELEMENT TO AUTHORIZED BUDGET

For the year ended March 31, 2000
( thousands of dollars )

| | 1999-2000 Estimates Restated [a] | Authorized Supplementary [b] | 1999-2000 Authorized Budget | 1999-2000 Actual Expenses | Unexpended (Over Expended) |
|---|---|---|---|---|---|
| Voted Expenses | | | | | |
| Ministry Support Services | | | | | |
| Minister's Office | $ 270 | $ - | $ 270 | $ 236 | $ 34 |
| Deputy Minister's Office | 297 | - | 297 | 278 | 19 |
| Support Services | | | | | |
| -Operating expense | 6,620 | 282 | 6,902 | 6,829 | 73 |
| -Capital investment | 30 | - | 30 | 48 | (18) |
| | 7,217 | 282 | 7,499 | 7,391 | 108 |
| Municipal Programs | | | | | |
| Division Support | | | | | |
| -Operating expense | 3,425 | - | 3,425 | 4,535 | (1,110) |
| -Capital investment | 245 | - | 245 | 93 | 152 |
| Municipal Services | 5,810 | - | 5,810 | 4,989 | 821 |
| Assessment Services | 5,355 | - | 5,355 | 5,094 | 261 |
| Unconditional Municipal Grant | 36,619 | - | 36,619 | 32,443 | 4,176 |
| Municipal Debenture Interest Rebate Program | 15,068 | - | 15,068 | 14,097 | 971 |
| Grants in Place of Taxes | 37,392 | - | 37,392 | 28,929 | 8,463 |
| Financial Support to Local Authorities | 295 | - | 295 | 1,693 | (1,398) |
| Municipal 2000 Sponsorship | 10,000 | - | 10,000 | 13,283 | (3,283) |
| | 114,209 | - | 114,209 | 105,156 | 9,053 |
| Municipal Government Board | | | | | |
| Municipal Government Board | 1,869 | - | 1,869 | 2,116 | (247) |
| Safety Services | | | | | |
| Program Management | 145 | - | 145 | 349 | (204) |
| Northern Regional | 1,585 | - | 1,585 | 1,500 | 85 |
| Southern Regional | 1,585 | - | 1,585 | 1,434 | 151 |
| Mechanical Technical Services | 865 | - | 865 | 924 | (59) |
| Civil Technical Services | 715 | - | 715 | 914 | (199) |
| Fire Commissioner's Office | 430 | - | 430 | 893 | (463) |
| | 5,325 | - | 5,325 | 6,014 | (689) |
| Freedom of Information and Protection of Privacy | | | | | |
| Freedom of Information and Protection of Privacy | 950 | - | 950 | 983 | (33) |
| Disaster Services | | | | | |
| Management and Provincial/Community Programs | 1,399 | - | 1,399 | 1,365 | 34 |
| Disaster Recovery Programs | 1,157 | 9,150 | 10,307 | 10,038 | 269 |
| | 2,556 | 9,150 | 11,706 | 11,403 | 303 |
| Total Voted Expenses | $ 132,126 | $ 9,432 | $ 141,558 | $ 133,063 | $ 8,495 |

Schedule 5

## MINISTRY OF MUNICIPAL AFFAIRS
## SCHEDULE OF COMPARISON OF EXPENSES BY ELEMENT TO AUTHORIZED BUDGET
For the year ended March 31, 2000
( thousands of dollars )

**(Continued)**

| | 1999-2000 Estimates Restated [a] | Authorized Supplementary [b] | 1999-2000 Authorized Budget | 1999-2000 Actual Expenses | Unexpended (Over Expended) |
|---|---|---|---|---|---|
| Program Operating Expense | $ 121,851 | $ 9,432 | $ 131,283 | $ 122,922 | $ 8,361 |
| Program Operating Expense funded by Lotteries | 10,000 | - | 10,000 | 10,000 | - |
| | 131,851 | 9,432 | 141,283 | 132,922 | 8,361 |
| Program Capital Investment | 275 | - | 275 | 141 | 134 |
| Total Voted Expenses | $ 132,126 | $ 9,432 | $ 141,558 | $ 133,063 | $ 8,495 |

(a) Effective April 1, 1999 the responsibilities of the Ministry was changed as a result of a major reorganization and other transfers of responsibility announced by the government during the year. This budget has restated the 1999-2000 Municipal Affairs estimates, that were approved on April 29, 1999, for both the major reorganization and transfers of responsibility authorized during the year.

(b) Supplementary Estimates were approved on December 9, 1999 and March 14, 2000.

Schedule 6

## MINISTRY OF MUNICIPAL AFFAIRS
## SCHEDULE OF SALARY AND BENEFITS
For the year ended March 31, 2000

| | 2000 | | | 1999 |
|---|---|---|---|---|
| | Salary (2) | Benefits and Allowances (3) | Total | Total |
| **CURRENT EXECUTIVES (1)** | | | | |
| Senior Official | | | | |
| Deputy Minister (4) | $ 154,180 | $ 32,154 | $ 186,334 | $161,574 |
| Executives | | | | |
| Assistant Deputy Ministers: | | | | |
| Local Government Services (5) | 109,020 | 19,568 | 128,588 | 21,744 |
| Public Safety and Information Management (6) | 110,823 | 21,104 | 131,927 | 117,631 |
| Executive Directors: | | | | |
| Human Resources Services | 86,590 | 14,121 | 100,711 | 97,502 |
| Business Planning and Corporate Support (6) | 102,960 | 17,706 | 120,666 | 120,364 |
| Information Technology/Joint CIO (6) | 86,970 | 13,159 | 100,129 | 95,995 |
| Acting Executive Director: | | | | |
| Finance and Administration (7) | 35,297 | 7,683 | 42,980 | - |
| **FORMER EXECUTIVES (1)** | | | | |
| Assistant Deputy Minister: | | | | |
| Housing and Consumer Services (8) | 102,044 | 7,641 | 109,685 | 109,718 |

(1) Prepared in accordance with Treasury Board Directive 12/98. The schedule includes the salary and benefits of:

**Current Executives:**
This includes the salary and benefits of the last incumbent. Where the last incumbent has held the position for part of the year, their salary and benefits as an executive in previous positions within the government reporting entity are also included.

**Former Executives:**
This includes the salary and benefits of former executives who left the government during the year or who no longer hold an executive position with the government.

(2) Salary includes regular base pay, bonuses, overtime, lump sum payments and honoraria.

(3) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of the employees including pension, health care, dental coverage, group life insurance, long term disability plans, lump sum vacation payouts, professional memberships and tuition.

(4) Automobile provided, no dollar amount included in benefits and allowances figures.

(5) Effective February 8, 1999 the incumbent assumed position.

(6) These newly created positions were filled effective December 2, 1999 as a result the Ministry reorganization.

(7) Effective October 27, 1999 the incumbent assumed position.

(8) This position no longer existed as of December 2, 1999. The last incumbent retired from government service effective May 31, 2000.

Schedule 7

## MINISTRY OF MUNICIPAL AFFAIRS
## SCHEDULE OF RELATED PARTY TRANSACTIONS
For the year ended March 31, 2000
(thousands of dollars)

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties:

| | Other Government Entities | |
|---|---|---|
| | 2000 | 1999 |
| **Revenues** | | |
| Transfer from the Lottery Fund | $ 10,000 | $ 10,000 |
| **Expenses** | | |
| Supplies and services | $ 418 | $ 645 |
| Transfer of capital assets from the Ministry of Government Services | $ 451 | $ - |

Schedule 3 to the financial statements is reporting $4,199 (1999 - $4,938) for the recovery of costs under a support service arrangement with the Ministry of Government Services.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

| | Other Government Entities | |
|---|---|---|
| | 2000 | 1999 |
| **Expenses** | | |
| Supplies and services | $ 4,705 | $ 4,527 |

The Ministry paid $28.026 million in 1999-2000 grants in place of taxes on crown property registered in the name of other ministries.

# Other Information

## Unaudited Statement of Revenues and Expenditures of the Improvement Districts' Trust

## Audited Financial Statements of the Special Areas Trust Account

## Improvement Districts' Trust Account

### Statement of Revenues and Expenditures
December 31, 1999

## UNAUDITED

☐ **Summary**

☐ **Detail**

### Note to Reader:

The unaudited financial information being presented here was derived from the December 31, 1999 audited financial statements of each Improvement District.

## Improvement Districts' Trust Account
## Statement of Revenues and Expenditures
## For the year ended December 31, 1999

(Summary)

| | Improvement District | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 4 | 9 | 12 | 13 | 24 | Jasper | Kananaskis [(a)] | **Total** |
| **Revenues** | $ 9,270 | $ 315,933 | $ 33,164 | $ 16,684 | $ 20,965 | $ 3,120,140 | $ 877,900 | $ 4,394,056 |
| **Expenditures** | 14,540 | 709,989 | 18,109 | 7,286 | 13,614 | 3,170,123 | 821,586 | 4,755,247 |
| **Excess (deficiency) of revenues over expenditures** | $ (5,270) | $ (394,056) | $ 15,055 | $ 9,398 | $ 7,351 | $ (49,983) | $ 56,314 | $ (361,191) |

**Improvement District:**

| | |
|---|---|
| 4 | Waterton National Park |
| 9 | Banff National Park |
| 12 | Jasper National Park |
| 13 | Elk Island National Park |
| 24 | Wood Buffalo National Park |

[(a)] Ministerial Order No. L:102/96 delegated, effective April 1, 1996, the administration of the Kananaskis Improvement District to the Minister of Environment.

## Improvement Districts' Trust Account
## Statement of Revenues and Expenditures
## For the year ended December 31, 1999

(Detail)

| | Improvement District | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 4 | 9 | 12 | 13 | 24 | Jasper | Kananaskis | Total |
| **REVENUES** | | | | | | | | |
| **General Municipal:** | | | | | | | | |
| Taxation | | | | | | | | |
| Real property | $ 194,658 | $ 2,142,296 | $ 101,349 | $ 5,582 | $ 3,496 | $4,794,762 | $ 1,111,424 | $ 8,353,567 |
| Federal grants in lieu of taxes | 62,366 | 385,463 | 18,151 | 25,033 | 14,036 | 421,774 | 12,621 | 939,444 |
| Provincial grants in lieu of taxes | - | - | - | - | - | - | 154,898 | 154,898 |
| Power and pipeline | 5,071 | 66,004 | 79,338 | 11,894 | 15,099 | 367,705 | 303,543 | 848,654 |
| Penalties and costs | 2,785 | 588 | 4,185 | - | 100 | 34,818 | 4,715 | 47,191 |
| | 264,880 | 2,594,351 | 203,023 | 42,509 | 32,731 | 5,619,059 | 1,587,201 | 10,343,754 |
| Less payment of requisitions to: | | | | | | | | |
| Alberta School Foundation Fund | 260,635 | 2,426,997 | 177,753 | 29,844 | 11,766 | 4,061,624 | 1,052,857 | 8,021,476 |
| Seniors Foundation | - | 38,177 | 2,079 | - | - | 45,173 | 13,901 | 99,330 |
| | 260,635 | 2,465,174 | 179,832 | 29,844 | 11,766 | 4,106,797 | 1,066,758 | 8,120,806 |
| **General municipal taxes** | 4,245 | 129,177 | 23,191 | 12,665 | 20,965 | 1,512,262 | 520,443 | 2,222,948 |
| **Government transfers** | 698 | 20,666 | - | - | - | 563,045 | 9,277 | 593,686 |
| **Interest** | 3,690 | 143,715 | 9,973 | 4,019 | - | 38,880 | 40,345 | 240,622 |
| **other** | 637 | 22,375 | - | - | - | 1,005,953 | 307,835 | 1,336,800 |
| | $ 9,270 | $ 315,933 | $ 33,164 | $16,684 | $20,965 | $3,120,140 | $ 877,900 | $ 4,394,056 |
| **EXPENDITURES** | | | | | | | | |
| **General Municipal:** | | | | | | | | |
| Administrative services | $ 14,540 | $ 316,116 | $ 10,698 | $ 7,286 | $13,614 | $ 519,015 | $ 77,772 | $ 959,041 |
| Transportation services | - | - | - | - | - | 39,255 | 82,019 | 121,274 |
| Protective services | - | 322,284 | 7,411 | - | - | 168,137 | 461,249 | 959,081 |
| Recreation and cultural services | - | 57,982 | - | - | - | 1,871,843 | - | 1,929,825 |
| Agriculture, planning and other community services | - | 5,000 | - | - | - | 571,873 | 17,706 | 594,579 |
| Other expenditures | - | 8,607 | - | - | - | - | 182,840 | 191,447 |
| | $ 14,540 | $ 709,989 | $ 18,109 | $ 7,286 | $13,614 | $3,170,123 | $ 821,586 | $ 4,755,247 |

# The Special Areas Trust Account

Financial Statements

December 31, 1999

AUDITOR
GENERAL
*Alberta*

# AUDITOR'S REPORT

To the Minister of Municipal Affairs

I have audited the balance sheet of The Special Areas Trust Account as at December 31, 1999 and the statements of revenue, expenditure and accumulated excess of revenue over expenditure, reserves, equity in physical assets and cash flows for the year then ended. These financial statements are the responsibility of the Special Areas Trust Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of The Special Areas Trust Account as at December 31, 1999 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles for municipal governments.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
March 10, 2000

# THE SPECIAL AREAS TRUST ACCOUNT
# BALANCE SHEET
# AS AT DECEMBER 31, 1999

| | 1999 | 1998<br>(Restated) |
|---|---|---|
| ASSETS | | |
| **Financial assets** | | |
| Current: | | |
| Cash (Note 4) | $ 25,684,258 | $ 30,942,960 |
| Accounts receivable, net (Note 5) | 2,095,524 | 1,670,419 |
| Taxes receivable, net | 935,431 | 468,592 |
| Due from Province of Alberta, net (Note 6) | - | 684 |
| | 28,715,213 | 33,082,655 |
| Non-current: | | |
| Accounts receivable, net (Note 5) | 3,013,514 | 3,453,365 |
| Investments, Schedule 1 | 17,630,548 | 12,587,521 |
| **Physical assets** (Note 7) | | |
| Capital assets | 12,535,890 | 11,956,783 |
| Inventories | 2,742,996 | 3,004,209 |
| | $ 64,638,161 | $ 64,084,533 |
| LIABILITIES AND EQUITY | | |
| Current: | | |
| Accounts payable and accruals | $ 1,264,368 | $ 967,014 |
| Deferred revenue | 208,760 | 183,315 |
| Due to Province of Alberta, net (Note 6) | 104,491 | - |
| | 1,577,619 | 1,150,329 |
| Non-current: | | |
| Provision for gravel pit reclamation (Note 8) | 1,070,000 | 980,000 |
| **Total liabilities** | 2,647,619 | 2,130,329 |
| Equity: | | |
| Accumulated excess of revenue over expenditure | 1,003,408 | 2,166,923 |
| Reserves | 45,708,248 | 44,826,289 |
| In physical assets | 15,278,886 | 14,960,992 |
| **Total equity** | 61,990,542 | 61,954,204 |
| | $ 64,638,161 | $ 64,084,533 |

The accompanying notes and schedules are part of these financial statements.

# THE SPECIAL AREAS TRUST ACCOUNT
## STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE
## FOR THE YEAR ENDED DECEMBER 31, 1999

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget<br>(Note 17) | Actual | Actual |
| **Revenue** | | | |
| General Municipal: | | | |
| Taxation: | | | |
| Power and pipeline | $ 21,535,000 | $ 22,378,068 | $ 21,514,582 |
| Real property | 6,400,000 | 6,592,050 | 6,424,472 |
| Grazing and cultivation | 1,075,000 | 1,069,503 | 1,079,084 |
| Penalties and costs on taxes | 125,000 | 299,189 | 188,837 |
| | $ 29,135,000 | $ 30,338,810 | $ 29,206,975 |
| Less expended by transfers: | | | |
| Provincial School Foundation | $ 19,105,000 | $ 19,758,941 | $ 19,063,523 |
| Seniors Foundation requisitions | 816,000 | 518,693 | 816,251 |
| | 19,921,000 | 20,277,634 | 19,879,774 |
| Net taxes for municipal purposes | 9,214,000 | 10,061,176 | 9,327,201 |
| Provincial grants (Note 9) | 7,425,076 | 7,246,387 | 8,514,231 |
| Leases (Note 10) | 4,304,050 | 4,360,964 | 4,022,038 |
| Interest | 1,990,000 | 2,346,373 | 2,325,956 |
| Tax recovery land sales | 1,100,000 | 599,093 | 1,450,938 |
| Federal grants (Note 9) | 30,000 | 25,622 | 175,244 |
| Other (Note 11) | 983,150 | 2,153,409 | 1,654,562 |
| **Total revenue**, carried forward | **$25,046,276** | **$26,793,024** | **$27,470,170** |

## THE SPECIAL AREAS TRUST ACCOUNT
## STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE (cont'd)
## FOR THE YEAR ENDED DECEMBER 31, 1999

| | 1999 | | 1998 |
|---|---|---|---|
| | Budget<br>(Note 17) | Actual | Actual<br>(Restated) |
| **Total revenue**, brought forward | $25,046,276 | $26,793,024 | $27,470,170 |
| **Expenditure** | | | |
| General Municipal: | | | |
| Transportation services | 21,728,397 | 21,960,961 | 21,007,471 |
| Administrative services | 2,636,504 | 2,357,680 | 2,293,021 |
| Agriculture and community pasture services | 1,073,643 | 1,068,844 | 1,082,119 |
| Recreational and cultural services | 642,327 | 627,049 | 659,606 |
| Water and sanitation services | 700,600 | 602,643 | 527,899 |
| Protective services | 361,093 | 354,803 | 361,159 |
| Industrial tax transfers | 110,000 | 102,600 | 103,440 |
| **Total expenditure** (Notes 12 and 14) | 27,252,564 | 27,074,580 | 26,034,715 |
| **Excess (deficiency) of revenue over expenditure** | $ (2,206,288) | (281,556) | 1,435,455 |
| Accumulated excess of revenue over expenditure at beginning of year as restated (Note 3) | | 2,166,923 | 2,326,294 |
| | | 1,885,367 | 3,761,749 |
| Less transfers to tax recovery land sales reserve (Note 15): | | | |
| Phase I | $ - | (104,667) | (542,527) |
| Phase II | (1,250,000) | (777,292) | (1,052,299) |
| | $ (1,250,000) | (881,959) | (1,594,826) |
| **Accumulated excess of revenue over expenditure at end of year** | | $ 1,003,408 | $ 2,166,923 |
| **Decrease in accumulated excess of revenue over expenditure during the year** | $ (3,456,288) | $ (1,163,515) | $ (159,371) |

# THE SPECIAL AREAS TRUST ACCOUNT
## STATEMENT OF RESERVES
## FOR THE YEAR ENDED DECEMBER 31, 1999

| | 1999 | 1998 |
|---|---|---|
| **Tax recovery land sales reserve:** | | |
| Phase I | | |
| Balance at beginning of year | $ 39,177,355 | $ 38,634,828 |
| Add transfers from accumulated excess of revenue over expenditure (Note 15) | 104,667 | 542,527 |
| Balance at end of year | 39,282,022 | 39,177,355 |
| Phase II | | |
| Balance at beginning of year | 5,647,615 | 4,595,316 |
| Add transfers from accumulated excess of revenue over expenditure (Note 15) | 777,292 | 1,052,299 |
| Balance at end of year | 6,424,907 | 5,647,615 |
| Total balance at end of year | 45,706,929 | 44,824,970 |
| **Public reserve:** | | |
| Balance at beginning and end of year | 1,319 | 1,319 |
| **Total reserves** | $ 45,708,248 | $ 44,826,289 |

## THE SPECIAL AREAS TRUST ACCOUNT
## STATEMENT OF EQUITY IN PHYSICAL ASSETS
## FOR THE YEAR ENDED DECEMBER 31, 1999

| | 1999 | 1998 |
|---|---|---|
| **Equity in capital assets at beginning of year** | $ 11,956,783 | $ 12,585,691 |
| Add purchase of capital assets: | | |
| Transportation services | 1,572,214 | 833,626 |
| Administration services | 81,252 | 123,037 |
| Agriculture and community pasture services | 112,955 | 73,664 |
| Recreational and cultural services | 28,076 | 59,012 |
| Protective services | 46,169 | 13,350 |
| Water and sanitation services | 250 | 134 |
| | 1,840,916 | 1,102,823 |
| Annual amortization of capital assets | (1,214,168) | (1,117,699 |
| Disposal of capital assets | (47,641) | (614,032 |
| **Equity in capital assets at end of year** | $ 12,535,890 | $ 11,956,783 |
| | | |
| **Equity in inventories at beginning of year** | $ 3,004,209 | $ 2,662,824 |
| Add purchases and other inventory costs | 2,100,376 | 2,624,483 |
| Deduct requisitions | (2,361,589) | (2,283,098 |
| **Equity in inventories at end of year** | $ 2,742,996 | $ 3,004,209 |
| **Equity in physical assets at end of year** | $ 15,278,886 | $ 14,960,992 |

# THE SPECIAL AREAS TRUST ACCOUNT
# STATEMENT OF CASH FLOWS
# FOR THE YEAR ENDED DECEMBER 31, 1999

| | 1999 | 1998<br>(Restated) |
|---|---|---|
| **Operating activities:** | | |
| Excess (deficiency) of revenue over expenditure | $ (281,556) | $ 1,435,455 |
| Amortization of investment discount, less premiums | (351,802) | (211,666) |
| Gain on sale of investments | (6,201) | (59) |
| Net change in non-current accounts receivable | 439,851 | 259,135 |
| Increase (decrease) in provision for gravel pit reclamation | 90,000 | (60,000) |
| Purchase of capital assets | 1,840,916 | 1,102,823 |
| Increase (decrease) in inventories | (261,213) | 341,385 |
| | 1,469,995 | 2,867,073 |
| Changes in non-cash working capital accounts: | | |
| Accounts receivable | (425,105) | (3,905) |
| Taxes receivable, net | (466,839) | (123,985) |
| Due from Province of Alberta, net | 105,175 | 14,478 |
| Accounts payable and accruals | 297,354 | (283,137) |
| Deferred revenue | 25,445 | (8,741) |
| Inventories | 261,213 | (341,385) |
| | (202,757) | (746,675) |
| Cash provided by operating activities | 1,267,238 | 2,120,398 |
| **Investing activities:** | | |
| Proceeds from redemption of investments | 10,991,974 | 16,919,781 |
| Purchase of investments | (15,676,998) | (20,242,190) |
| Purchase of capital assets | (1,840,916) | (1,102,823) |
| Cash applied to investing activities | (6,525,940) | (4,425,232) |
| **Decrease in cash** | (5,258,702) | (2,304,834) |
| Cash at beginning of year | 30,942,960 | 33,247,794 |
| **Cash at end of year** | $ 25,684,258 | $ 30,942,960 |

# THE SPECIAL AREAS TRUST ACCOUNT

## NOTES TO THE FINANCIAL STATEMENTS

## DECEMBER 31, 1999

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the Special Areas Act, Chapter S-20, Revised Statutes of Alberta 1980, as amended. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board (the "Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for municipal governments.

(b) Capital Assets

Capital asset acquisitions are included as expenditure in the statement of revenue, expenditure and accumulated excess of revenue over expenditure. For information purposes, capital assets except the costs of construction of roads, bridges, and other infrastructure, having an original cost greater than $2,500 are shown on the balance sheet as physical assets at net book value with the offsetting credit to equity in physical assets. All EDP equipment is capitalized.

## Note 2 Significant Accounting Policies (continued)

### (b) Capital Assets (continued)

The cost of capital assets shown on the balance sheet is amortized to estimated salvage value at the following rates (rates and values expressed as a percentage of cost):

| | Annual Amortization | | | |
|---|---|---|---|---|
| | Year 1 | Year 2 | Year 3 and Thereafter | Estimated Salvage Value |
| | % | % | % | % |
| Mobile equipment | 5.00 | 5.00 | 5.00 | 5.00 |
| Buildings | 2.50 | 2.50 | 2.50 | 2.50 |
| Automotive equipment | 20.00 | 15.00 | 10.00 | 5.00 |
| Machinery and equipment | 6.67 | 6.67 | 6.67 | 6.67 |
| Electronic data processing | | | | |
| Hardware | 40.00 | 30.00 | 20.00 | 10.00 |
| Software | 25.00 | 25.00 | 25.00 | - |

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

### (c) Tax Recovery Land and Crown Land

Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the balance sheet. Approximately 1.158 million acres of tax recovery land remains unsold as at December 31, 1999 (1998 – 1.169 million acres).

Crown land transferred to the Province from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Special Areas Board, is not valued for financial statement purposes.

### (d) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line method over the period to maturity.

## Note 2 Significant Accounting Policies (continued)

### (e) Inventories

The cost of consumable supplies is included as expenditure when incurred. For information purposes, inventories of consumable supplies are shown on the balance sheet as physical assets at net book value with the offsetting credit to equity in physical assets.

Inventories are valued at the lower of cost and net replacement value. Cost for gravel and fuel is determined by using the first-in-first-out method, and for parts and other by using the average cost method.

### (f) Pensions

The Board participates in two multiemployer pension plans, the Management Employee Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and, for the Management Employees Plan, additional employer contributions for service relating to prior years.

## Note 3 Change in Accounting Policy

The Special Areas Board has changed the way it accounts for its participation in the Public Service Pension Plan and the Management Employees Pension Plan to a defined contribution basis.

Previously the Board reported on a defined benefit basis which required the Board to record its share of any unfunded liability of these plans as determined by actuarial valuation. Under the defined contribution basis, the annual amount contributed to these pension plans is expensed and no actuarial valuation is required to measure the liability or the expense.

This change in accounting policy has been applied retroactively with restatement of comparative amounts. As a result of this change, opening equity as of January 1, 1998, has been increased by $280,000. As at December 31, 1998, pension liabilities have been decreased by $240,000 and equity has increased by $240,000. Administrative services and, in Note 12, manpower have increased by $40,000 for the year ended December 31, 1998, as a result of this change.

## Note 4 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (the "Fund") of the Province of Alberta. The Fund is a demand account managed by Alberta Treasury with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

## Note 5 Accounts Receivable, Net

Accounts receivable, net of applicable allowances for doubtful accounts, are comprised of the following:

| | 1999 | 1998 |
|---|---|---|
| Current: | | |
| From sale of tax recovery land and related mineral surface leases | $ 566,705 | $ 614,091 |
| Accrued interest | 131,427 | 153,996 |
| | 698,132 | 768,087 |
| Leases | 159,894 | 203,374 |
| Accrued interest on investments | 210,703 | 36,646 |
| Miscellaneous | 1,026,795 | 662,312 |
| | $ 2,095,524 | $ 1,670,419 |
| Non-current: | | |
| From sale of tax recovery land and related mineral surface leases | $ 3,011,339 | $ 3,453,365 |
| Other | 2,175 | - |
| | $ 3,013,514 | $ 3,453,365 |

Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 8% per annum is applied to tax recovery land sales. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained in the Trust Account as liquidated damages.

## Note 6 Due to (from) Province of Alberta, Net

The net amounts due to (from) the Province of Alberta is comprised of the following:

| | 1999 | 1998 |
|---|---|---|
| Due to Province of Alberta: | | |
| Administration Charges | $ 9,250 | $ 9,250 |
| Other | 126,305 | 121,699 |
| | 135,555 | 130,949 |
| Due from Province of Alberta: | | |
| Grants | (31,064) | (131,633) |
| Due to (from) Province of Alberta, net | $ 104,491 | $ (684) |

## Note 7 Physical Assets

| | 1999 | | | 1998 |
|---|---|---|---|---|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value |
| Capital assets: | | | | |
| Mobile equipment | $13,716,264 | $ 7,017,043 | $ 6,699,221 | $ 6,239,444 |
| Buildings | 5,117,330 | 2,116,432 | 3,000,898 | 3,100,659 |
| Automotive equipment | 4,687,855 | 3,472,971 | 1,214,884 | 1,059,107 |
| Machinery and equipment | 2,252,918 | 1,301,462 | 951,456 | 895,707 |
| Land | 614,112 | 72,427 | 541,685 | 554,419 |
| Electronic data processing equipment | 682,833 | 555,087 | 127,746 | 107,447 |
| | $27,071,312 | $14,535,422 | 12,535,890 | 11,956,783 |
| | | Allowance to reduce to replacement value | | |
| Inventory: | | | | |
| Parts and other | $ 1,297,453 | $ - | 1,297,453 | 1,366,660 |
| Gravel | 1,420,669 | - | 1,420,669 | 1,617,069 |
| Fuel | 24,874 | - | 24,874 | 20,480 |
| | $ 2,742,996 | $ - | 2,742,996 | 3,004,209 |
| Total physical assets | | | $15,278,886 | $14,960,992 |

## Note 8 Provision for Gravel Pit Reclamation

Gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the Environmental Protection and Enhancement Act.

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The provision for gravel pit reclamation in certain instances is based upon an estimated average cost of restoring the land from gravel excavation. Actual costs may vary from estimated costs.

Restoration is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

## Note 9 Grants

(a) Provincial grant revenue is comprised of the following:

| | 1999 | 1998 |
|---|---|---|
| Infrastructure | $ 6,879,274 | $ 7,962,143 |
| Agriculture, Food and Rural Development | 192,434 | 190,373 |
| Human Resources and Employment | 81,831 | 66,000 |
| Environment | 69,179 | 72,211 |
| Community Development | 16,000 | 16,000 |
| Municipal Affairs | 4,500 | 204,335 |
| Learning | 3,169 | 3,169 |
| | $ 7,246,387 | $ 8,514,231 |

Note 9 Grants (continued)

(b) Federal grant revenue is comprised of the following:

| | 1999 | 1998 |
|---|---|---|
| Ground water study | $ 25,622 | $ - |
| Canada agri/infrastructure program | - | 100,000 |
| Arable acres supplementary payment program | - | 75,244 |
| | $ 25,622 | $ 175,244 |

Note 10 Lease Revenue

| | 1999 | 1998 |
|---|---|---|
| Mineral surface leases | $ 1,844,405 | $ 1,766,033 |
| Grazing leases | 1,215,249 | 929,112 |
| Cultivation leases | 465,910 | 469,129 |
| Community pastures | 404,130 | 398,470 |
| Other | 431,270 | 459,294 |
| | $ 4,360,964 | $ 4,022,038 |

Note 11 Other Revenue

| | 1999 | 1998 |
|---|---|---|
| Municipal services cost recovery | $ 1,268,977 | $ 419,369 |
| Licence, permits, assignments and application fees | 305,495 | 288,727 |
| Sale of sand and gravel | 170,524 | 177,578 |
| Oil well drilling taxes | 76,564 | 111,708 |
| Proceeds on sale of capital assets | 46,800 | 374,846 |
| Miscellaneous | 285,049 | 282,334 |
| | $ 2,153,409 | $ 1,654,562 |

## Note 12 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

| | 1999 | 1998 |
|---|---|---|
| Contract and general services | $ 12,229,255 | $ 11,633,455 |
| Manpower, (Schedule 2) | 6,584,172 | 6,542,005 |
| Materials, goods and utilities | 5,459,727 | 5,570,177 |
| Physical assets acquired - capital asset purchases | 1,840,916 | 1,102,823 |
| Grants | 569,532 | 656,574 |
| Goods and services from Alberta Government departments: | | |
| Alberta Treasury - Risk Management | 132,540 | 155,317 |
| Alberta Municipal Affairs: | | |
| Investment fees | 11,550 | - |
| Administration | 9,250 | 9,250 |
| Alberta Government Services | 19,761 | 24,681 |
| Other departments | 1,171 | 1,770 |
| Alberta Agricultural Research Institute | - | 30,000 |
| Provision for doubtful accounts | 114,106 | 205,223 |
| Industrial tax transfers | 102,600 | 103,440 |
| | $ 27,074,580 | $ 26,034,715 |

## Note 13 Pension Plan

The Special Areas Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

The Board is required to make current service contributions to the PSPP of 4.675% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 6.550% on the excess. Current service contributions to the MEPP are 10.75%.

Total current contributions by the Board to the PSPP in 1999 were $143,372 (1998 $152,140). Contributions to the MEPP in 1999 were $49,063 (1998 $46,463).

Effective January 1, 1999, the Board's additional contributions (0.3%) to the Public Service Pension Plan with respect to the pre-1992 deficiency was eliminated.

Based on the latest audited information available, the Management Employees Pension Plan and the Public Service Pension Plan reported surpluses as at December 31, 1998.

Note 14 Related Parties

Accommodation costs for the Hanna office, amounting to $59,000, have not been included in the expenditure of the Trust Account. The building is owned and operated by Alberta Infrastructure and all costs are recorded as expenditures of that Department.

Expenditure for goods and services provided by the Province and billed to the Trust Account are disclosed in Note 12.

Grants provided by the Province are disclosed in Note 9 (a) and the amounts outstanding at the end of the year are disclosed in Note 6.

During 1999, the Trust Account received funds as agent for the Department of Environment amounting to approximately $119,307, all of which is due to the Department at the end of the year.

Note 15 Tax Recovery Land Sales Reserve

Transfers to tax recovery land sales reserve have been determined as follows:

| | Phase I | Phase II | Total |
|---|---|---|---|
| Land sales | $ 104,667 | $ 460,260 | $ 564,927 |
| Interest | - | 317,032 | 317,032 |
| | $ 104,667 | $ 777,292 | $ 881,959 |

Phases I and II relate to the sales proceeds from the 1981 and 1988 tax recovery land sales policies, respectively.

Phase I excludes interest revenue and has not been earmarked for specific expenditures.

Phase II includes interest earned under agreements for sale and investment interest earned on Phase II funds and is earmarked for future capital projects as authorized by the Minister of Municipal Affairs.

Note 16 Contingent Liabilities

The Special Areas Board has been named in a civil litigation claim brought against it for an amount not exceeding $2,050,000. The assessment of this claim is that loss is unlikely.

In addition, the Board has been named in three demand letters. These claims are being adjudicated by Alberta Treasury-Risk Management and Insurance Division. The amount of the claims cannot reasonably be estimated in advance of any formal statement of claim.

There will be no cost to the Board associated with any defence and judgments in these claims.

Note 17 Budget

The 1999 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs in December 1998.

Note 18 Comparative Figures

Certain 1998 figures have been reclassified to conform to 1999 presentation.

Note 19 Approval of Financial Statements

These financial statements have been approved by management.

Schedule 1

# THE SPECIAL AREAS TRUST ACCOUNT

## SCHEDULE OF INVESTMENTS

## AS AT DECEMBER 31, 1999

| | 1999 | | | | | | 1998 |
|---|---|---|---|---|---|---|---|
| | Stated Interest Rate | Effective Interest Rate | Maturity Date | Par Value | Fair Value | Book Value | Book Value |
| Bonds: | | | | | | | |
| Government of Canada | 5.49% | 5.37% | September 1, 2000 | $ 1,000,000 | $ 964,500 | $ 965,283 | $ - |
| Province of Nova Scotia | 5.17% | 5.09% | April 20, 2000 | 1,000,000 | 984,520 | 984,933 | - |
| Government of Canada | 5.25% | 5.37% | December 1, 2001 | 1,500,000 | 1,482,150 | 1,496,595 | - |
| Government of Canada | 5.50% | 5.37% | September 1, 2002 | 2,650,000 | 2,612,900 | 2,657,829 | - |
| Government of Canada | 5.25% | 5.49% | September 1, 2003 | 2,200,000 | 2,132,724 | 2,182,727 | - |
| Government of Canada | 5.50% | 5.53% | June 1, 2009 | 1,500,000 | 1,419,960 | 1,496,635 | - |
| Equitable Trust - mortgage-backed security | 5.00% | 5.69% | November 1, 2004 | 1,896,318 | 1,773,304 | 1,843,188 | - |
| Province of Ontario | 8.00% | 5.49% | March 11, 2003 | 1,500,000 | 1,569,570 | 1,607,514 | - |
| Province of Ontario | 9.75% | 6.11% | October 29, 2001 | 1,000,000 | 1,060,500 | 1,061,465 | - |
| Regional Municipality of York | 6.75% | 5.58% | November 5, 2003 | 778,000 | 786,558 | 808,707 | - |
| Bank of Montreal | 10.25% | 6.38% | May 1, 2002 | 500,000 | 540,880 | 541,405 | - |
| Canadian Imperial Bank of Commerce | 5.90% | 5.90% | August 31, 1999 | - | - | - | 4,814,461 |
| Canadian Imperial Bank of Commerce | 5.02% | 5.10% | May 31, 1999 | - | - | - | 980,656 |
| Province of British Columbia | 4.72% | 4.70% | October 1, 1999 | - | - | - | 2,898,248 |
| Bank of Montreal | 5.00% | 5.00% | November 19, 1999 | - | - | - | 957,859 |
| Government of Canada | 5.17% | 4.95% | May 1, 2000 | 1,000,000 | 983,000 | 984,117 | 936,597 |
| Province of Manitoba | 9.75% | 9.34% | September 3, 2002 | 1,000,000 | 1,084,230 | 1,000,000 | 1,000,000 |
| | | | | 17,524,318 | 17,394,796 | 17,630,398 | 11,587,821 |
| Fixed income investment in pool of federally guaranteed mortgage securities: | | | | | | | |
| Class C | 6.10% | 6.19% | July 1, 1999 | - | - | - | 999,550 |
| Alberta Municipal Financing Corporation shares | | | | - | 150 | 150 | 150 |
| | | | | $ 17,524,318 | $ 17,394,946 | $ 17,630,548 | $ 12,587,521 |

Schedule 2

## THE SPECIAL AREAS TRUST ACCOUNT

## SCHEDULE OF SALARIES AND BENEFITS

## FOR THE YEAR ENDED DECEMBER 31, 1999

| | 1999 | | | | 1998 | |
|---|---|---|---|---|---|---|
| | Number of Individuals[1] | Salary [2] | Benefits and Allowances[3] | Total | Number of Individuals[1] | Total |
| Chairman of the Special Areas Board | 1.0 | $ 84,773 | $ 13,680 | $ 98,453 | 1.0 | $ 96,801 |
| Special Areas Board members | 2.0 | 5,725 | - | 5,725 | 2.0 | 4,535 |
| Director of Finance and Administration | 1.0 | 69,023 | 11,515 | 80,538 | 1.0 | 79,761 |
| Director of Municipal Services | 1.0 | 68,796 | 11,673 | 80,469 | 1.0 | 79,620 |
| Director of Properties Administration | 1.0 | 66,964 | 11,600 | 78,564 | 1.0 | 75,233 |
| Roads & Equipment Superintendent | 1.0 | 34,414 | 14,155 | 48,569 | 1.0 | 81,165 |
| Managers [4] | 2.0 | 102,186 | 18,621 | 120,807 | 2.6 | 195,650 |
| Other full time staff [5] | 81.0 | 3,208,287 | 504,112 | 3,712,399 | 82.6 | 3,664,580 |
| Part time and casual wage staff | | 2,050,442 | 238,198 | 2,288,640 | | 2,222,472 |
| Other Boards | | 25,850 | - | 25,850 | | 25,318 |
| Advisory Councillors | 13.0 | 18,045 | - | 18,045 | 13.0 | 18,582 |
| Increase (decrease) in vacation accrual | | 26,113 | - | 26,113 | | (1,712) |
| | | $ 5,760,618 | $ 823,554 | $ 6,584,172 | | $ 6,542,005 |

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[1] Number of individuals consists of full-time equivalents, except for Special Areas Board members and Advisory Councillors.

[2] Salary includes regular base pay, overtime, honoraria and any other direct cash remuneration.

[3] Employer's share of all employee benefits and contributions or payments made on behalf of employees including Workers' Compensation Board, Canada Pension Plan, unemployment insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, vacation payouts, membership fees, group life insurance, accidental death and dismemberment insurance and long-term disability plan.

[4] Average salary is $51,093 and average benefits are $9,310 totaling $ 60,403 (1998 $75,250).

[5] Average salary is $39,608 and average benefits are $6,224 totaling $ 45,832 (1998 $44,366).

# Government Organization Changes 1999-2000

This schedule gives a road map of the major program/entity changes as a result of the government reorganizations in 1999-2000. The left column identifies the ministries after the government reorganizations. Some ministries are new, merged or renamed. The centre column identifies the major programs/entities in which there was a change in administration to the reorganized ministries. The right column identifies which ministry these programs/entities were located in before the government reorganizations.

| Ministry | Program/Entity Changes | Previous Location |
|---|---|---|
| **Agriculture, Food & Rural Development** | • Alberta Opportunity Company | Economic Development |
| **Children's Services** (new) | • Social Support to Families With Children | former Family & Social Services |
| | • Family & Community Support Services | |
| | • Handicapped Children's Service & Daycare | |
| **Community Development** | • Francophone Secretariat | former Intergovernmental & Aboriginal Affairs |
| | • Protection for Persons in Care | former Family & Social Services |
| | • Housing & Alberta Social Housing Corporation | Municipal Affairs |
| **Economic Development** | • Foreign Agriculture Marketing | Agriculture, Food & Rural Development |
| **Executive Council** | • Government Protocol | former Intergovernmental & Aboriginal Affairs |
| **Gaming** (new) | • Community Lottery Grant Program | Community Development |
| | • Lottery Fund and some Lottery Funded Programs | Economic Development |
| | • Alberta Gaming and Liquor Commission | |
| **Government Services** (new) | • Consumer & Corporate Services and Registry Services | Municipal Affairs |
| | • Regulatory Review | Treasury |
| **Health & Wellness** (formerly Health) | • Alberta Alcohol & Drug Abuse Commission | Community Development |
| | • Services to Persons with Development Disabilities | former Family & Social Services |
| **Human Resources & Employment** (new) | • Income Support to Individuals & Families | former Family & Social Services |
| | • Employment & Training Support | |
| | • Supports to Dependent Adults | |
| | • Workplace Services | former Labour |
| | • Labour Relations | |
| | • Personnel Administration Office | |
| | • Career Development | former Advanced Education & Career Development |
| | • Labour Market Development Agreement | |
| **Infrastructure** (merger of Public Works, Supply & Services and Transportation & Utilities) | • School & Post-Secondary Facilities | former Education and Advanced Education & Career Development |
| **Innovation & Science** (formerly Science, Research & Information Technology) | • Alberta Agricultural Research Institute | Agriculture, Food & Rural Development |
| | • Information Technology Services | former Public Works, Supply and Services |
| | • University Research Excellence | former Advanced Education & Career Development |
| | • University Intellectual Infrastructure (now in University Research Investments) | |
| | • Technology Commercialization Initiatives | Economic Development |
| **Justice** | • Mediation Services | former Family & Social Services |
| **Municipal Affairs** | • Safety Services | former Labour |
| | • Freedom of Information & Protection of Privacy | |
| | • Disaster Services | former Transportation & Utilities |
| **Resource Development** (formerly Energy) | • Northern Development | Executive Council |
| | • Forest Products Development | Economic Development & Environment |
| **Treasury** | • Employment Pensions | former Labour |

## Other Renamed or Merged Ministries

**Environment** (formerly Environmental Protection)

**International and Intergovernmental Relations** (formerly Intergovernmental and Aboriginal Affairs)

**Learning** (merger of Education and Advanced Education & Career Development)

# Alphabetical List of Entities' Financial Information in Ministry Annual Reports

## Entities included in the consolidated government reporting entity

| Ministry, Department, Fund or Agency | Ministry Annual Report |
|---|---|
| Agriculture Financial Services Corporation | Agriculture, Food and Rural Development |
| Alberta Agricultural Research Institute | Innovation and Science |
| Alberta Alcohol and Drug Abuse Commission | Health and Wellness |
| Alberta Dairy Control Board | Agriculture, Food and Rural Development |
| Alberta Energy and Utilities Board | Resource Development |
| Alberta Foundation for the Arts | Community Development |
| Alberta Gaming and Liquor Commission | Gaming |
| Alberta Government Telephones Commission, The | Treasury |
| Alberta Heritage Foundation for Medical Research Endowment Fund | Treasury |
| Alberta Heritage Savings Trust Fund | Treasury |
| Alberta Heritage Scholarship Fund | Treasury |
| Alberta Historical Resources Foundation, The | Community Development |
| Alberta Informatics Circle of Research Excellence Inc. | Innovation and Science |
| Alberta Insurance Council | Treasury |
| Alberta Municipal Financing Corporation | Treasury |
| Alberta Oil Sands Technology and Research Authority | Innovation and Science |
| Alberta Opportunity Company | Agriculture, Food and Rural Development |
| Alberta Pensions Administration Corporation | Treasury |
| Alberta Petroleum Marketing Commission | Resource Development |
| Alberta Research Council Inc. | Innovation and Science |
| Alberta Risk Management Fund | Treasury |
| Alberta School Foundation Fund | Learning |
| Alberta Science, Research and Technology Authority | Innovation and Science |
| Alberta Securities Commission | Treasury |
| Alberta Social Housing Corporation | Community Development |
| Alberta Sport, Recreation, Parks and Wildlife Foundation | Community Development |
| Alberta Treasury Branches | Treasury |
| ATB Investment Services Inc. | Treasury |
| Awasak Child and Family Services Authority | Children's Services |
| Calgary Rocky View Child and Family Services Authority | Children's Services |
| Child and Family Services Authority — Region 13 | Children's Services |
| Child and Family Services Authority — Region 14 | Children's Services |
| Credit Union Deposit Guarantee Corporation | Treasury |
| Crop Reinsurance Fund of Alberta | Agriculture, Food and Rural Development |
| Department of Agriculture, Food and Rural Development | Agriculture, Food and Rural Development |
| Department of Children's Services | Children's Services |
| Department of Community Development | Community Development |
| Department of Environment | Environment |
| Department of Gaming | Gaming |
| Department of Health and Wellness | Health and Wellness |
| Department of Innovation and Science | Innovation and Science |
| Department of Justice | Justice |
| Department of Learning | Learning |
| Department of Resource Development | Resource Development |
| Department of Treasury | Treasury |
| Diamond Willow Child and Family Services Authority | Children's Services |
| Environmental Protection and Enhancement Fund | Environment |

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|---|---|
| Gainers Inc. | Treasury |
| Government House Foundation, The | Community Development |
| Hearthstone Child and Family Services Authority | Children's Services |
| Historic Resources Fund | Community Development |
| Human Rights, Citizenship and Multiculturalism Education Fund | Community Development |
| Keystone Child and Family Services Authority | Children's Services |
| Lottery Fund | Gaming |
| Ma'Mowe Capital Region Child and Family Services Authority | Children's Services |
| Metis Settlements Child and Family Services Authority | Children's Services |
| Ministry of Agriculture, Food and Rural Development | Agriculture, Food and Rural Development |
| Ministry of Children's Services | Children's Services |
| Ministry of Community Development | Community Development |
| Ministry of Economic Development[1] | Economic Development |
| Ministry of Environment | Environment |
| Ministry of Executive Council 1 | Executive Council |
| Ministry of Gaming | Gaming |
| Ministry of Government Services[1] | Government Services |
| Ministry of Health and Wellness | Health and Wellness |
| Ministry of Human Resources and Employment[1] | Human Resources and Employment |
| Ministry of Infrastructure[1] | Infrastructure |
| Ministry of Innovation and Science | Innovation and Science |
| Ministry of International and Intergovernmental Relations[1] | International and Intergovernmental Relations |
| Ministry of Justice | Justice |
| Ministry of Learning | Learning |
| Ministry of Municipal Affairs[1] | Municipal Affairs |
| Ministry of Resource Development | Resource Development |
| Ministry of Treasury | Treasury |
| N.A. Properties (1994) Ltd. | Treasury |
| Natural Resources Conservation Board | Environment |
| Neegan Awas'sak Child and Family Services Authority | Children's Services |
| Persons with Developmental Disabilities Calgary Region Community Board | Health and Wellness |
| Persons with Developmental Disabilities Central Alberta Community Board | Health and Wellness |
| Persons with Developmental Disabilities Edmonton Community Board | Health and Wellness |
| Persons with Developmental Disabilities Foundation | Health and Wellness |
| Persons with Developmental Disabilities Michener Centre Facility Board | Health and Wellness |
| Persons with Developmental Disabilities Northeast Alberta Community Board | Health and Wellness |
| Persons with Developmental Disabilities Northwest Alberta Community Board | Health and Wellness |
| Persons with Developmental Disabilities Provincial Board | Health and Wellness |
| Persons with Developmental Disabilities South Alberta Community Board | Health and Wellness |
| Ribstone Child and Family Services Authority | Children's Services |
| S C Financial Ltd. | Treasury |
| Sakaigun Asky Child and Family Services Authority | Children's Services |
| Sakaw Askiy Child and Family Services Authority | Children's Services |
| Silver Birch Child and Family Services Authority | Children's Services |
| Southeast Alberta Child and Family Services Authority | Children's Services |
| Sun Country Child and Family Services Authority | Children's Services |
| Supplementary Retirement Plan Reserve Fund | Treasury |
| Victims of Crime Fund | Justice |
| West Yellowhead Child and Family Services Authority | Children's Services |
| Wild Rose Foundation, The | Community Development |
| Windsong Child and Family Services Authority | Children's Services |

[1] Ministry includes only the department so separate department financial statements are not necessary.

## Entities not included in the consolidated government reporting entity

| Fund or Agency | Ministry Annual Report |
|---|---|
| Alberta Cancer Board | Health and Wellness |
| Alberta Heritage Foundation for Medical Research | Innovation and Science |
| Alberta Mental Health Board | Health and Wellness |
| Alberta Teachers' Retirement Fund Board | Learning |
| Improvement Districts Trust Account | Municipal Affairs |
| Local Authorities Pension Plan | Treasury |
| Long-Term Disability Income Continuance Plan -Bargaining Unit | Human Resources and Employment |
| Long-Term Disability Income Continuance Plan -Management, Opted Out and Excluded | Human Resources and Employment |
| Management Employees Pension Plan | Treasury |
| Provincial Judges and Masters in Chambers Pension Plan | Treasury |
| Public Post Secondary Institutions | Learning |
| Public Service Management (Closed Membership) Pension Plan | Treasury |
| Public Service Pension Plan | Treasury |
| Regional Health Authorities | Health and Wellness |
| School Boards | Learning |
| Special Areas Trust Account | Municipal Affairs |
| Special Forces Pension Plan | Treasury |
| Universities Academic Pension Plan | Treasury |
| Workers' Compensation Board | Human Resources and Employment |